

FRANCHISE DISCLOSURE DOCUMENT

SALES STAR FRANCHISING USA, LLC

a Delaware limited liability company
13016 Eastfield Road, Suite B200 #203
Huntersville, NC 28078

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www.salesstar.com



As a SalesStar franchisee, you will operate a business combining strategic sales consulting with sales training and coaching to deliver long term results for clients, working with growth-oriented CEOs and executive sales leaders seeking tailored solutions to meet their specific needs and to reach peak performance under the trade name “SalesStar” (the “*Franchise*”).

The initial investment necessary to begin operation of a SalesStar Franchise ranges from \$205,500 to \$241,500. This includes \$126,500 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, 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 to you. To discuss the availability of disclosures in different formats, contact Cassandra Marez, Vice President, 13016 Eastfield Road Ste B200 #203, Huntersville, NC 28078. Phone (704) 270-6596. The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

Issuance Date: April 30, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	<u>Item 19</u> 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 <u>Item 20</u> or <u>Exhibit B</u> .
How much will I need to invest?	<u>Item 5</u> and <u>Item 6</u> list fees you will be paying to the franchisor or at the franchisor's direction. <u>Item 7</u> lists the initial investment to open. <u>Item 8</u> describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	<u>Item 21</u> or <u>Exhibit E</u> includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	<u>Item 20</u> summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only SalesStar business in my area?	<u>Item 12</u> 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?	<u>Item 3</u> and <u>Item 4</u> tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a SalesStar franchisee?	<u>Item 20</u> or <u>Exhibit B</u> lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the Table of Contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Delaware. 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 Delaware than in your own state.
2. **General Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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<u>Exhibit A</u>	Schedule of State Administrators and Agents for Service of Process
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<u>Exhibit C</u>	Franchise Agreement
<u>Exhibit D</u>	Operations Manual Table of Contents
<u>Exhibit E</u>	Financial Statements
<u>Exhibit F</u>	State Specific Addenda
<u>Exhibit G</u>	Definitions
<u>Exhibit H</u>	State Effective Dates & Receipts

Item 1. The Franchisor and Any Parents, Predecessors and Affiliates

Description of the Franchisor and its Predecessors and Affiliates.

To simplify the language in this Disclosure Document, “*SalesStar*,” “*we*,” “*us*,” or “*our*” and similar words, refer to the franchisor, Sales Star Franchising USA, LLC, a Delaware limited liability company (“*Franchisor*”). “*You*,” and similar words, means the person or persons, including a corporate or other legal entity, individually and collectively, buying a franchise from us; and “*your Franchise*” means the SalesStar business that you will operate if we enter a SalesStar Franchise Agreement with you. We have also attached as Exhibit G a list of additional defined terms used in this Disclosure Document. If a capitalized term is not defined in the body of this Disclosure Document, please refer to Exhibit G for the definition.

Franchisor

Sales Star Franchising USA, LLC, is a Delaware limited liability company that was formed on March 22, 2023. We do business under SalesStar, and maintain our principal business address at 13016 Eastfield Rd Ste B200 #203, Huntersville, NC 28078.

Our agents for service of process in the states where we do business or plan on doing business are listed on Exhibit A to this Disclosure Document. We have been offering franchises of the type described in this disclosure document since the Effective Date of this Franchise Disclosure Document, and have never offered franchises in any other line of business.

Parent, Predecessor and Affiliates

Our Parent, Sales Star USA, Inc. is a Delaware corporation formed on March 3, 2022, which sells and operates SalesStar Franchises in the United States. Its principal business address is 13016 Eastfield Rd Ste B200 #203, Huntersville, NC 28078

Sales Star USA’s parent, Sales Star Limited is a New Zealand Limited Company that was formed on May 21, 2009, which sells, owns and operates SalesStar Franchises worldwide. Its principal business address is Level 2, BHIVE. 72 Taharoto Road, Takapuna. Auckland 0611. New Zealand.

Star IP Limited (“*Star IP*”) is a New Zealand Limited company that was formed on July 1, 2015. Star IP owns all of our trademarks and licenses them to us.

Sales Star Limited has no parent, or predecessor.

Sales Star Limited has the below affiliates.

Type	Legal Jurisdiction	Legal Name	Incorporation Date
Head Office	Delaware State, USA	SALES STAR USA, INC	March 3, 2022
Practice	New Zealand	SALES STAR AUSTRALASIA LIMITED	March 30, 2020

Practice	England and Wales	SALES STAR EUROPE LIMITED	May 13, 2020
Practice	England and Wales	SALES STAR UK LIMITED	February 18, 2023
Practice	Sweden	SALES STAR SCANDINAVIA AB	June 7, 2021
Practice	Mexico	ASTRUM DE VENTAS S.A.P.I DE C.V.	May 30, 2022
Practice	Delaware State, USA	SALES STAR NC ZWIERKO LLC	June 16, 2022

Franchisor’s Business

SalesStar is in the business of granting franchise rights for the operation of SalesStar Franchises under the “**SalesStar**” name and Marks. Please see Exhibit C for a copy of the current form of the SalesStar Franchise Agreement (and its related appendices) that SalesStar uses to offer, award and service SalesStar Franchises.

SalesStar, through its Affiliates, has been in the business of the type to be operated by you since May 2009. SalesStar and our current and future affiliates may develop additional SalesStar Franchises, all of which may compete with you.

We, or one of our Affiliates, may establish a new business or franchise system or acquire an existing business or franchise system (which may be one of our or your competitors) operating under trademarks, service marks and trade names other than the Marks. Additionally, we or one of our Affiliates, may sell any products or services under any tradenames, trademarks, service marks or trade dress, including the Marks directly or by certain means and through other channels of distribution and may also grant other licenses or franchises for the provision of any services under the Marks. The new or existing sales activities, licenses, businesses or franchise systems may compete with you.

Description of the Franchises Offered

We offer franchises for SalesStar Franchises in accordance with the terms of our SalesStar Franchise Agreement (the “**SalesStar Franchise Agreement**” or “**Franchise Agreement**”). A copy of the most recent SalesStar Franchise Agreement is attached to this Disclosure Document as Exhibit C. If you enter into a SalesStar Franchise Agreement, you will be trained, certified and authorized to operate a SalesStar Franchise.

SalesStar are leaders in sales transformation. We partner with clients to make their sales more manageable, measurable, predictable and professional, for guaranteed, enduring results. We also partner with growth minded CEOs, who are frustrated with sales results, and want a proven system for growing and developing people who grow sales. Our proprietary programs engage leaders, sales managers, and their sales teams - so we work with all levels of the business.

We do not deliver just one-time training, but offer regular and consistent support to clients to fast track their growth. The SalesStar method is very much a partnership with clients. To achieve this, our high-performance Coaches follow our 9 Step Pathway to Sales Transformation. This proprietary and unique methodology provides our clients with the tools to drive sales success so we can execute our brand mission - to elevate sales; transform people, in order to transform

business worldwide. SalesStar unique System has been created over a span of 20 years by sales and industry experts and learning and development experts.

The Franchise

A SalesStar franchisee will specialize in providing strategic sales consulting with sales training and coaching to deliver long term results for clients, as well as any other services we may develop related to the SalesStar concept and according to our proprietary systems and operation, as we may periodically authorize (the “*System*” or the “*SalesStar System*”). You must offer all services that we currently offer or that we may designate in the future, and no others, unless you obtain our prior written approval to not provide a particular service or to offer/provide certain services that we do not currently offer (see, Item 8 below).

If you do business as an Entity, each of your Owners must sign a Guaranty in the form found in Schedule 3 to the Franchise Agreement, guaranteeing your obligations under the Franchise Agreement.

We may offer franchises for SalesStar Franchises in foreign countries. This Disclosure Document does not describe the terms of any international franchise relationship or any other international relationship, but we may deliver this Disclosure Document in connection with these transactions for general informational purposes.

The Market

The products and services offered by a SalesStar Franchise are intended to be sold primarily to growth-oriented CEOs and executive sales leaders of, mostly, mid-sized B2B companies. Such leaders are, generally, seeking tailored solutions to meet their specific needs and to reach peak performance. Our programs engage Leaders, Sales Managers, and their Sales teams – so we work with all levels of their business.

Your Franchise will have to compete in a developed market with local businesses, as well as, regional or national businesses offering similar services and products, such as other sales training businesses, including other SalesStar Franchises operated by us, our franchisees and Affiliates. Some of these competitors may be more established or more widely known than SalesStar.

Federal, state, and local laws, rules, regulations and ordinances may apply to the operation of a SalesStar Franchise, including those which establish general standards, specifications and requirements for the services, and employment laws. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating and marketing your Franchise, and you should consider both their effect and the cost of compliance.

Laws and regulations vary widely from state to state and, even, from city to city. You should consult an advisor in your area to determine all applicable laws and regulations. You must obtain all operational licenses. We are not required to provide any guidance in compliance with these laws and regulations, and any guidance that is provided is not guaranteed. You should consult

with your attorney concerning these and other laws, regulations and ordinances that may affect the operation of the Franchise. You are solely responsible for investigating and complying with all of these applicable laws, regulations and other requirements, despite any advice or information that we may give you. We have not researched any of these laws to determine their applicability to your Franchise.

Item 2. Business Experience

Paul O'Donohue

Sales Star Limited, Founder and CEO. December 2004 – present.

Katharina Davey

Sales Star Limited, Chief Operating Officer, April 2024 – present.

Sales Star Limited, Chief Financial Officer. January 2023 – present.

Sales Star Australasia Ltd, Franchise Manager. January 2020 – January 2023.

Sales Star Limited. General Manager. November 2012- January 2020.

Lisa Carter

Sales Star Limited: VP Global Partnerships. April 2024 – present.

SalesStar Limited: VP Franchise Development: June 2023 – March 2024.

SalesStar Limited: Global Partner Manager: Feb 2019 - May 2023.

Results.com: VP of Client Success - SaaS Industry: Aug 2017 - Dec 2018.

Cassandra Marez

Sales Star USA Inc. Vice President of Operations. April 2023 – present.

Sales Star USA Inc. National Operations Manager. February 2022- April 2023.

Education Travel & Culture, Regional Manager. February 2019 -February 2022

Education Travel & Culture, Senior Field Manager. February 2016 -February 2019

Grant Holland, Franchise Business Partner & High Performance Coach

September 2018 – present as a High Performance Coach. Franchise Business Partner February 2024- present.

Item 3. Litigation

No litigation is required to be disclosed in this Item.

Item 4. Bankruptcy

No bankruptcy information is required to be disclosed in this Item.

Item 5. Initial Fees

Initial Franchise Fee

You must pay an initial franchise fee (the “*Franchise Fee*”) of one hundred and twenty-five thousand dollars (\$125,000), which is due and payable when you sign a Franchise Agreement for your Franchise. The Franchise Fee represents payment to us for the right to use the SalesStar Marks and System in the development and operation of your Franchise. The Franchise Fee also covers the cost of certain services that we and/or our Affiliates may provide to you before your Franchise opens, such as marketing materials and training. The Franchise Fee is fully earned upon

payment and is non-refundable. You must pay the Franchise Fee in a lump sum upon your signing of the Franchise Agreement or within three (3) business days of signing the Franchise Agreement. If you purchase a SalesStar Franchise and Franchise Agreement from another franchisee, you or the selling party must pay to us prior to the effective date of the transfer our then-current transfer fee, which at the time of this Disclosure Document is \$25,000.

After a Franchise Agreement has been signed, the Franchise Fee is not refundable in whole or in part. The Franchise Fee is uniform to all franchisees currently purchasing a franchise.

At SalesStar, we take training and your role in the training process very seriously. We do not offer refunds of the Franchise Fee under any circumstances.

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Item 6. Other Fees

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Royalty Fee	10% of monthly Gross Revenue (Note 2)	Monthly – on the 7 th business day after the invoiced date	10% of monthly Gross Revenue payment by ACH withdrawal (Note 2)
National Marketing Fund (“ <i>NMF</i> ”)	A minimum of \$1500 per month or 5% of monthly Gross Revenue – whichever is the greater (Note 2)	Monthly - with the Royalty Fee payment	Payment by ACH withdrawal (Note 3) See Note 4
Franchise Marketing Fund (“ <i>FMF</i> ”)	\$30,000 - \$60,000 per year	As incurred	See Note 5.
Centralized Services Fee	5% of monthly Gross Revenue (Note 2)	Monthly - with Royalty Fee payment	For augmented services provided to franchisee, including: training and certification; client on-boarding; customer success, conferences; access to Centralized Coaches and Business Development Specialists; recruitment guidelines; , advanced training; business mentoring; and quality control Paid by ACH withdrawal (Note 3)
System Management Software (SMS) User Fee	A maximum of \$4,800 per year, per user	Payable in 12 monthly installments of \$400 per user, per month	Payment made by ACH (or as otherwise designated by us)
Centralized Business Development Support	Fee of up to 20% of Gross Revenue of respective client invoice for assisted business development services	As invoiced	Payment made directly to centralized Business Development Specialist. See Note 6
Centralized Coach Support	A fee of up to 25% of Gross Revenue of the respective client invoice for assisted coaching services	As invoiced	Payment made directly to Centralized Coach. See Note 7
Late reporting fee	Varies; as of the date hereof, \$25 per report per day, but subject to change at our discretion	When report becomes delinquent	See Note 9.
Interest expenses	Varies	immediately	See Note 10
Fee for insufficient funds in bank account	Reimburse bank charges plus \$25 administrative fee	Upon receipt of our bill	Applies to any insufficient fund payment made by electronic transfer or checks to us or our Affiliates

Type of Fee	Amount	Due Date	Remarks (See Note 1)
Audit	Cost of audit plus interest at 1.5% per month or the highest legal rate on any underpayment	As incurred	See <u>Note 11</u>
Travel, accommodation, meals, payroll, etc - expenses for the mandatory introductory training	Will vary	As incurred	The cost of the mandatory introductory training is included in the Franchise Fee, but Franchisee must pay the attendant expenses. See <u>Note 12</u>
Additional training or assistance and refresher training	Will vary	As incurred.	See <u>Note 12</u>
Interim management fees	10% of Gross Revenue	As incurred, at the end of each management period month	See <u>Note 13</u>
Insurance	Will vary under circumstances. Minimum requirements are listed	As incurred	See <u>Note 14</u>
Maintenance costs	Will vary under circumstances	As incurred	See <u>Note 15</u> below.
Attorneys' fees and other costs	Will vary under circumstances	As incurred	See <u>Note 16</u> below.
Indemnification	Will vary under circumstances	As incurred	See <u>Note 17</u> below.
Transfer Fee	Greater of \$25,000 per Franchise transferred or the transfer fee stated in our then-current Franchise Agreement	Upon sale or transfer	Except in the case of a transfer to a corporation formed solely for the convenience of ownership, you must pay us a transfer fee
Renewal Fee	Greater of \$7,500 or then-current Franchise Fee less the amount paid to us as an initial Franchise Fee, but no greater than \$20,000	30 days before expiration of the original franchise term, concurrent with the signing of a new Franchise Agreement	Renewal Fee is for an additional franchise term at the same site under a new Franchise Agreement

Explanatory Notes:

You must pay these fees to us except as explained below. If we do not actually receive your payments on the due date, they will be deemed delinquent. During the course of developing and operating your Franchise, you also must purchase various items from designated and approved vendors or in accordance with our standards and specifications. See Item 8 below for an explanation of these requirements.

Specific Notes:

Note 1. Except as noted, all fees listed in the above table are payable to SalesStar and are non-refundable. Costs of products and supplies are subject to change periodically, except as otherwise provided in the Franchise Agreement.

Note 2. “**Gross Revenue**” means the total of all receipts derived from any source related to, or in connection with, the operation of your Franchise. Without limiting the generality of the foregoing, this definition includes, without limitation the following:

- all revenue accrued from the performance of services and the sale of products in, at, upon, about, through or from the Franchise, online or any other marketplace;
- all forms of consideration, including, without limitation, cash, credit (regardless of collection), payment in kind, fair market value for any service or product you receive in barter or exchange for your services, and any other type of benefit, value or remuneration that you receive (or defer to receive in the future); and
- insurance proceeds and/or condemnation awards for loss of sales, profits or business.

Notwithstanding the foregoing, "Gross Revenue" shall not include revenues from any sales taxes or other add on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, gratuities paid by customers to Franchisee's employees, the amount of cash refunds to customers, customer discounts, manager-authorized and/or customer loyalty program discounts, allowances and charge-backs the Franchisee in good faith gives to customers.

Note 3. You must pay all Royalty Fees, advertising fees, information system fees and other amounts owed to us or our Affiliates by pre-authorized electronic bank transfer from your general account. You must sign and complete the form Authorization Agreement attached to the Franchise Agreement as Schedule 5 or any other documentation we require to permit the electronic transfer. The pre-authorized electronic bank transfer requirements are further described in Schedule 5 of the Franchise Agreement and Section 6 to the Franchise Agreement. These fees are currently payable monthly on or before the close of business on the 7th day of the month following invoice (or the next business day if payment is due on a bank holiday or weekend). We expressly reserve the right in the Franchise Agreement to change the payment frequency and due dates of these fees, provided that they will not be payable more often than weekly.

Note 4. We may increase the NMF contributions above five percent (5%) of Gross Revenue with an affirmative vote by 51% of the then-existing SalesStar Franchisees.

Note 5. The FMF is the amount that we recommend that you spend per year on local advertising and promotion of your franchise. We may periodically adjust this suggested amount.. All marketing and promotions conducted by you must meet our marketing material guidelines which are provided in the Operations Manual. An annual increase of the FMF, in accordance with the Consumer Price Index, may apply.

Note 6. As part of the Initial Training and on-boarding, we make available to you, in our discretion, a pool of experienced individuals, who are fully certified in SalesStar business development (“**Business Development Specialist(s)**”) to assist you to in acquiring

clients. The Business Development Specialists will provide business development assistance, including, leading discovery, preparing and presenting proposals and closing of new client engagements. If you chose to utilize the services of a Business Development Specialist, by a separate written agreement between you and the Business Development Specialist, that person will be paid a commission at the then-current rate for such services, currently at up to 20% of gross revenue of the respective client invoice.

Note 7. We also make available to you, in our discretion, a pool of experienced individuals, who are fully certified in the SalesStar proprietary coaching method (“*Centralized Coaches*”) to assist you to in delivering coaching services as mutually agreed. The Centralized Coaches will provide coaching assistance, including conducting coaching sessions, workshops and other meetings. If you chose to utilize the services of one or more Centralized Coaches, you will need to enter into a separate written agreement between you and the respective coach, for their compensation. Currently, such coaches are paid up to 25% of gross revenue of the respective client invoice.

Note 8. We may publish or disclose to other franchisees any information that is collected, produced, or maintained under any “quality control” programs in any manner or format that we deem appropriate. We also reserve the right to publish or disclose to third parties in an aggregate anonymous format any information that we collect, produce, or maintain in connection with such “quality control” programs.

Note 9. You must pay us all fees and other amounts under the Franchise Agreement when due. If you fail to do so, we have the right to charge a \$100 late fee per delinquent payment, and at our request you must pay it by way of direct debit as described in Note 3 above. Further, you must submit all mandatory reports to us when due, as required by the Franchise Agreement. If you fail to do so, we have the right to charge a \$25 late fee per late report and an additional \$25 late fee for each day that the report continues to be delinquent, payable by direct debit at our request.

Note 10. You must pay all business debts, financial obligations, liens and taxes promptly when due. If you fail to do so, we have the right, at our option, to pay the same and then be entitled to immediate reimbursement from you. Unpaid debts owed to us bear interest from the due date until paid at the lesser of one and one-half percent (1.5%) per month or the maximum contract rate permitted by the law of the state in which your Franchise is located.

Note 11. You must pay the costs of the audit or inspection only if you fail to furnish us with the records and reports that we request as part of the audit, or if the audit results show an understatement of Gross Revenue of more than two percent (2%) or if the need for an audit was a result of your default under the Franchise Agreement in failing to provide records and reports in a timely manner.

Note 12. No one may attend training before signing the Franchise Agreement. We provide mandatory introductory training for the Owners and Operating Partner as part of the Franchise Fee described above. We have the right to charge a tuition or training fee for each additional Owner or Operating Partner or other personnel that attends the training program initially or in the future. Aside from the New Franchise Intensive, the majority of

training is provided virtually. You will be responsible for ensuring that all personnel are correctly trained per our specifications.

We have the right to require you and/or previously trained and experienced employees attend periodic refresher training. We reserve the right to charge for the actual training.

Note 13. If we elect to manage your Franchise before purchasing it, as permitted by Section 14 of the Franchise Agreement, or we assume management of your Franchise in the case of your abandonment, as permitted by Section 14 of the Franchise Agreement, we have the right to charge a management fee of 10% of the Gross Revenue of your Franchise during the period of management.

Note 14. If you fail to maintain in effect any insurance required by us or to furnish to us satisfactory evidence of this coverage, we have the right to obtain insurance coverage for you on your behalf. You must then immediately reimburse us for our costs and the cost of the insurance, and sign any related documentation required by us.

Note 15. If you fail or refuse to maintain the SalesStar Franchise as required, we have the right to do so on your behalf and at your expense. You must then immediately reimburse us for our costs and the cost of such maintenance of the Franchise.

Note 16. We highly recommend that you seek the advice of an attorney, accountant and other experts in the purchase and operation of your Franchise. Additionally, if we or our Affiliates prevail in any proceeding or litigation against you, you must pay the costs and attorneys' fees incurred.

Note 17. You and each of your Owners also have certain indemnification obligations to us and our Affiliates, as referenced in Item 9 below. You must reimburse us if we incur any expense, including attorneys' fees and other costs, or are held liable for claims arising out of your franchise operations.

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Item 7. Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Franchise Fee (See <u>Note 1</u> below)	\$125,000	Lump sum	Upon signing of the Franchise Agreement	SalesStar
Travel and living expenses while training. (See <u>Note 2</u> and <u>3</u> below)	\$7,000-\$10,000	As incurred	As incurred during training	Franchisee travel costs; flights and accommodation and misc expenses
Office Rent (See <u>Note 7</u> below) at your discretion. Most Franchisees operate from home offices.	At your discretion; Varies	As incurred	As arranged or incurred	Landlord
First month of NMF	\$1500	ACH	Prior to opening for business	SalesStar
Computers, software, subscriptions, etc. (See <u>Note 6</u> below)	\$2000 - \$5000 (estimated)	As incurred	Upon delivery before opening	Vendors
Additional funds - three months (See <u>Note 7</u> below)	\$70,000 - \$100,000 Working capital	Lump sum cash deposit or lending facility.	As incurred	Working capital required for: Vendors, employees, utilities, lawyer fees, Minimum NMF and travel.
Totals	\$205,500 - \$241,500 (not including real estate lease costs or your choice of computer)			

General Comments:

We have based the estimates provided in the chart above upon our franchisee's experience in operating similar Practices in the United States. We do not guarantee that your costs will resemble the estimates given, and may be significantly higher than described above. You should review these figures carefully with a business adviser before making any decision to purchase the Franchise.

All payments you make to us or our Affiliates are non-refundable unless otherwise stated. Payments you make to parties other than us or our Affiliates may or may not be refundable at the option of the other party.

The estimates in the above chart do not include Royalty Fees or marketing fees payable to us during the operation of your Franchise since these fees are payable out of the Gross Revenue of your Franchise. See the information in Item 6 for an explanation of the Royalty Fees and marketing fees. The estimates also do not include real estate costs because land value and leasing costs vary widely depending on location and structure.

Explanatory Notes:

Note 1. \$125,000 is the standard non-refundable Franchise Fee for a SalesStar franchise.

Note 2. You must pay for any travel and incidental expenses that you and your manager and any other trainees may incur while attending our initial training program including the New Franchise Intensive to be held in New Zealand at the SalesStar Global Head Office or any other venue that we may designate. Special circumstances will be considered if international travel is not possible

Note 3. SalesStar may hold two mandatory conferences per year for Franchisees, and these may incur domestic or international travel expenses.

Note 4. Other training is usually delivered virtually, however we reserve the right to host in person events. This may incur expenses such as car rental, gas, airline tickets, meals, hotel room, and salaries. You must also pay for any incidental expenses that SalesStar trainers incur while assisting with your Franchise grand opening as well as while assisting with site-selection or site-approval processes. These expenses may include car rental, gas, airline tickets, meals, hotel room, and salaries

Note 5. You must sell all of the standard services designated by SalesStar. If any special or additional equipment is required to provide those services, you must acquire the specified equipment, the cost of which may be significant to you.

Note 6. Certain computer equipment, software and Cloud based Services, tools and materials or products must be purchased from our Designated Vendors. Minimum specifications are detailed in the SalesStar Operations Manual. (See Item 8 below.) Other items must be purchased from Approved Vendors or other suppliers that we approve. (See Item 8 below.) All items purchased must meet our quality standards. (See Item 8 below.) You must have high-speed Internet access and these estimates include typical installation fees and service fees for three months. See Items 8 and 11 of this Disclosure Document for more information on our right to require you to purchase, install and use computer hardware and software in the operation of your Franchise.

Note 7. At your discretion if you choose not to use a home office, you might need to pay deposits for utilities and your property. Deposits for utility services and your property are typically required at the time the service is applied for, and may or may not be refundable. The amount for deposits can vary significantly in different areas, and you should verify specific amounts with local utility companies and the landlord.

Note 8. This estimate is based on the experience of our affiliates' Practices outside of the United States and includes working capital for the first three months and includes general operating expenses, such as insurance, employee wages and benefits, other

marketing costs, maintenance, cleaning and office supplies, leased equipment, occupancy expenses, credit-card processing fees, and other costs.

Note 9. This estimate does not include salaries and expenses during training of your Operating Partner (described in Item 15 below) whose training is required by the Franchise Agreement. Because you and/or your Operating Partner and your other personnel for your Franchise, as well as personnel in management positions and personnel that may work in more than one Franchise, are required to complete our training program as soon as they join your first Franchise (see Item 11 below), these expenses are included for your first Franchise. Consequently, the additional funds necessary for your first Franchise tend to be on the high end of the estimated range, while the additional funds required for any subsequent Franchise that you open may be lower. Your costs may depend upon factors such as how well you follow SalesStar methods and procedures; the amount spent and effectiveness of your grand opening marketing activities; your management skill, experience, and business acumen; local economic conditions; the time of the year your Franchise is opened; the demand for the Franchise's products in your area; the prevailing wage rates; competition; and the sales level reached during the initial period. These estimates also do not take into account the finance charges, interest and related costs you may incur if any portion of your investment is debt-financed.

Except as otherwise noted, none of these payments are refundable. In geographical areas where we have no SalesStar Franchise or have no significant experience regarding openings of Affiliate-owned or franchised Franchises, the foregoing estimated initial investment may be less reliable and you may have to make a greater investment, depending on the circumstances. You should review these figures carefully with a business advisor, accountant, or attorney before making any decision to purchase a franchise. We do not offer any financing for your initial investment or any other items. The availability and terms of financing with third-party lenders will depend on factors such as the availability of the financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

If you purchase an existing SalesStar Franchise, you may have to make a greater or smaller investment, depending on the circumstances, than the estimated initial investment shown above. The price and terms of payment for such SalesStar Franchises will be established by mutual agreement.

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Item 8. Restrictions on Sources of Products and Services

Generally

The methodology, strategies, techniques and processes for all SalesStar Franchises are trade secrets belonging exclusively to us. To ensure that high and uniform standards of quality and service are maintained, you must operate your SalesStar Franchise in strict conformity with our methods, standards and specifications as described below. You must purchase or lease those computer items and, marketing collateral and other promotional products bearing the Marks, as may be specified in the SalesStar Operations Manual and only from us or from our Approved Vendors or distributors before and after you open your Franchise. To ensure these high and uniform standards, we require that 100% of your purchases in the establishment of your SalesStar Franchise and while operating the business be made from our Approved Vendors.

We have the right, in addition to any amounts received from suppliers or distributors as described in this Item 8, to receive rebates, marketing fund contributions or other payments from suppliers, distributors and other service providers based (directly or indirectly) on sales to you and our Affiliates (the “**Rebates**”). These payments may range from less than one percent (1%) up to 15% or more of the amount of those purchases by you. We do not currently negotiate purchase arrangements from suppliers or service providers for the benefit of franchisees, but may do so in the future. Since, as of the Effective Date of this Disclosure Document, we have not yet sold any franchise rights, we have not received any such rebates and, therefore, have no revenue from any required purchases. No funds were collected or expended this fiscal year.

No Franchisor officer own an interest in any supplier.

Our Services

The sales coaching, training, assessment, consulting and general advisory services we provide are unique in this industry and are provided using proprietary methods and materials that are all integral components of the SalesStar franchise and are inextricably interrelated with the Marks and the System. You, therefore, will be required to purchase certain equipment, cloud based services, and materials from suppliers, whom we authorize (“**Designated Vendors**”) or approved vendors (“**Approved Vendors**”).

Designated and Approved Vendors have the right to profit from the sale of items. We do not act in any fiduciary capacity for you in our relationship with any Designated or Approved Vendors; however, we may negotiate contracts for use by and binding upon all franchised and Affiliate-owned SalesStar Franchises.

Provided you and your Affiliates are in compliance with the Franchise Agreement and all other agreements with us and our Affiliates, we will cause Designated and Approved Vendors to provide you the applicable services, equipment or materials in accordance with the terms of the Franchise Agreement. Designated and Approved Vendors may establish credit terms, if any, as deemed appropriate.

If you desire to procure authorized services, materials or supplies from a vendor other than one previously approved or designated by us, you shall deliver written notice to us of your desire

to seek approval of the vendor. We will use our good faith efforts to notify you in writing of our decision within 30 days after our receipt of the proposed alternative vendor and other requested information. However, if we have not notified you in writing within such 30-day time period, the proposed vendor will be deemed disapproved by us. We may revoke our approval upon the alternate vendor's failure to continue to meet any of our criteria. You or the proposed vendor shall pay to us in advance all of our reasonably anticipated costs in reviewing the application of the alternate approved vendor.

Purchase Arrangements/Cooperatives

We may, in the future, attempt to negotiate purchase arrangements with third-party suppliers (including price terms). In doing so, we seek to benefit and to promote the overall interests of all SalesStar Franchises, including those owned by franchisees, our franchise system and our interests as the franchisor. We do not provide material benefits (e.g. renewal or additional franchises) to a franchisee based on its use of Designated or Approved Vendors.

There are currently no franchisee purchasing or distribution cooperatives.

Specifications, Standards, and Procedures

Each aspect of your SalesStar Franchise is subject to our specifications and standards. You must comply with all mandatory methodology, processes, specifications, standards, and operating procedures (whether contained in the SalesStar Operations Manual or any other written communication) regarding the operation of all SalesStar Franchises, and any changes or updates that we may require from time to time.

Standardized Accounting Process and Reporting Requirements

You must establish and maintain bookkeeping, accounting, record-keeping and data-processing systems conforming to the requirements and formats that we prescribe, including, without limitation, a common chart of accounts and methodology, submission process and timeline, and you must use the operational data control system approved by SalesStar as further detailed in the Operations Manual. You must furnish us with periodic reports as prescribed by the Operations Manual, which include and are not limited to, monthly gross revenue reports and monthly profit and loss statements. You must provide such periodic reports in a timely manner as noted in the Franchise Agreement. All financial reports must be prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America.

Computer Hardware and Software

You must use a standard system-management software ("**SMS**") and all SMS modules approved by us and used by us and other franchisees to ensure System Standards. We will appoint the supplier that meets our standards and specifications, and you must enter into the necessary contracts to procure and operate such SMS system. We can change our approved supplier at any time. We will have full and independent access to any and all data generated from this SMS system.

At this time, you must record all sales on computer-based system that are fully compatible with our computer systems and include seamless information interface capability of fully integrating electronically into our centralized computer system.

You must purchase, or pay the per User Fee charged by the Franchisor, for the prescribed SMS, including the appropriate software as per the Operations Manual. The SMS Fee of \$400 per user will be charged monthly.

Insurance

You must maintain in force the following insurance coverages as listed below. All insurance policies must: (1) be issued by carriers with an AM Best rating of A-, X, or better; (2) be written at the minimum amounts of coverage; (3) name Sales Star Franchising USA LLC, as additional insured on all General Liability, Auto Liability and Professional Liability Insurance Policies and (4) Sales Star Franchising USA, LLC must be endorsed to all policies noted above to receive 30 days' notice of cancellation in the event of non-renewal and 10 days' notice in the event of nonpayment of premium.

You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums no later than 10 days before your Franchise opens and within 30 days each year when your policies renew.

SalesStar will recommend a Group Premium Insurance Advisor in the Operations Manual, and recommendations of increased limits as the gross revenue of the Franchise increases.

Listed below are types of minimum coverage amounts that we currently require for each SalesStar Franchise:

1. Commercial General Liability Insurance
 - a. Per Occurrence Limit \$1,000,000
 - b. General Aggregate Limit \$2,000,000
 - c. Personal and Advertising Injury \$1,000,000
 - d. Products / Completed Operations Aggregate \$2,000,000
 - e. Damage to Rented Premises \$300,000**
 - f. Medical Expense Limit \$5,000
2. Commercial Automobile Liability Insurance
 - a. Hired and Non-Owned Auto \$1,000,000
3. Professional Liability (Errors & Omissions) Insurance
 - a. Per Occurrence Limit \$1,000,000
4. Cyber Liability Insurance
 - a. Cyber Liability & Cyber Crime Limit \$1,000,000
 - b. Network Security and Privacy Liability Limit \$1,000,000
 - c. Social Engineering Limit \$250,000
5. Crime Liability Insurance (Employee Dishonesty)
 - a. Crime Liability Limit \$500,000

6. Workers' Compensation Insurance
 - a. Statutory Workers' Compensation
 - b. Employers Liability:
 - \$500,000 per employee, bodily injury by disease;
 - \$500,000 policy limit, bodily injury by disease;
 - \$500,000 per employee, bodily injury by accident
7. Endorsements
 - a. Franchisee must name the below entity as additional insured on all General Liability, Auto Liability and Professional Liability Insurance Policies.

**Sales Star Franchising USA, LLC.
13016 Eastfield Road B200 #203
Huntersville, NC 28078**

** Not required if working from home office.

Upon 30 days' prior notice to you, we may increase the minimum insurance requirements and require different or additional kinds of insurance at any time, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. You must submit to us, before the Franchise opens, and annually thereafter, a copy of the certificate evidencing each required insurance policy. If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of it, we, at our option and in addition to our other rights and remedies under the Franchise Agreement, may, but need not, obtain this insurance coverage on your behalf, and you must promptly sign any application or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums incurred by us. At our request, you must furnish us with evidence of insurance coverage and payment of premiums as we require.

Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain, nor does it relieve you of your obligations under Section 8 of the Franchise Agreement.

Office Requirements

We do not, currently, have any specifications regarding office requirements. You may use any office space that is amendable to your Franchise, so long as, it provides access to sufficiently high-speed internet.

Website

You may not promote, offer, or sell any products or services relating to your Franchise, or use any of the Marks, through the Internet without our consent. You must acknowledge that SalesStar is the lawful, rightful, and sole owner of www.salesstar.com domain name and unconditionally disclaim any ownership interest in any similar phrase or any similar Internet domain name. You and your Owners agree not to register any Internet domain name in any class or category that contains the words SalesStar or any abbreviation, acronym, combination,

derivative, or variation of those words that would cause a likelihood of confusion with the SalesStar brand.

You will use the SalesStar franchise website (the “*Franchise Website*”) in strict compliance with the standards, protocols and restrictions we include in the Operations Manual. You must implement all reasonable procedures we prescribe periodically to prevent unauthorized use and strict compliance with the standards, protocols and restrictions we include in the Operations Manual regarding the use of the Franchise Website among your Franchise’s Operating Partners, or other personnel. You are to notify SalesStar when any partner or employee ceases to be affiliated or employed with your Franchise so we can remove their access to the Franchise Website.

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Item 9. Franchisee’s Obligations

This table lists your principal obligations under the Franchise Agreement. 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	Disclosure Document Item
a. Home Office or Business Office	<u>Section 3</u>	<u>Items 1, 5, 6, 7, 8, 11 and 12</u>
d. Initial and on-going training	<u>Section 4</u>	<u>Items 6, 7 and 11</u>
e. Opening	<u>Section 3</u>	<u>Items 5, 7 and 11</u>
f. Fees	<u>Sections 6 and 10</u>	<u>Items 5, 6, 7, 11 and 17</u>
g. Compliance with System Standards and other standards and policies/SalesStar Operations Manual	<u>Sections 3, 4, 5, 7, 8 and 10</u>	<u>Items 6, 7, 8, 11, 13, 14, 15 and 16</u>
h. Trademarks and proprietary information	<u>Sections 5, 9 and 15</u>	<u>Items 8, 13, 14 and 17</u>
i. Restrictions on products/services offered	<u>Section 8</u>	<u>Items 1, 8, 14 and 16</u>
j. Warranty and customer service requirements	<u>Section 8</u>	<u>Item 11</u>
k. Territorial Development and Sales Quotas	Not Applicable	<u>Item 12</u>
l. Ongoing product/service purchases	<u>Section 8</u>	<u>Items 8 and 11</u>
m. Maintenance, appearance and remodeling requirements	<u>Sections 3, 8 and 10</u>	<u>Items 11, 13 and 17</u>
n. Insurance	<u>Section 8</u>	<u>Items 6, 7 and 11</u>
o. Marketing & Advertising	<u>Section 10</u>	<u>Items 5, 6, 7, 11 and 13</u>
p. Indemnification	<u>Section 16</u>	<u>Items 6, 13 and 14</u>
q. Owner’s participation, management, staffing	<u>Sections 3, 4, 7, 8 and 10</u>	<u>Items 11 and 15</u>

Obligation	Section in Franchise Agreement	Disclosure Document Item
r. Records and reports	<u>Section 11</u>	<u>Item 8</u>
s. Inspections and audits	<u>Section 12</u>	<u>Item 6</u>
t. Transfer	<u>Section 13</u>	<u>Item 17</u>
u. Renewal	<u>Section 2</u>	<u>Item 17</u>
v. Post-termination obligations	<u>Section 15</u>	<u>Item 17</u>
w. Non-competition covenants	<u>Sections 9 and 15</u>	<u>Item 17</u>
x. Dispute resolution	<u>Section 17</u>	<u>Item 17</u>

Item 10. Financing

We do not offer direct or indirect financing to you. We do not guarantee any note, lease or other obligation which you may enter into or incur. There may be SBA financing available to assist with the purchase of these franchise rights.

Item 11. Franchisor’s Assistance, Advertising, Computer Systems and Training

Except as listed below, SalesStar is not required to provide you with any assistance.

Opening Assistance

When you open your Franchise, SalesStar will provide in depth training and access to a centralized team of support comprising of many experts:

1. We will provide training to you and your Operating Partner. The initial training program will be conducted virtually. We will also provide you with the New Franchise Partner Intensive training which will be held in New Zealand at the SalesStar Global Head Office, or another venue as we may designate. Other training is usually delivered virtually, however we reserve the right to host in person events and change the venue. As described in Item 6 above and Section 4 of the Franchise Agreement, if applicable, you will be responsible for all compensation and expenses (including travel, meals, and lodging) incurred due to any training programs. This training is described in detail later in this Item. (Franchise Agreement, Section 4).
2. We will provide one-on-one (or group) mentorship and coaching by a SalesStar business expert to guide you in your first year of operation (and ongoing) as mutually agreed.

3. Our operational training may include: accounting system and bookkeeping set up, such as Chart of Accounts, Budgeting Advice, Recruitment guidelines and Resources. We have recommended vendors in the Operations Manual for preferred accounting systems and book keeping services.
4. Our centralized Client Services team will provide operational training, client invoicing and ongoing client onboarding support for a minimum of the first year of your Franchise.
5. We will provide senior sales resources for deal specific coaching, and assistance to help you to secure your first Clients. See Item 6, Note 6.
 - a. This may include securing client discovery meetings,
 - b. attending discovery and presentation meetings,
 - c. help with Proposal creation,
 - d. and coaching feedback on client sales calls.
6. We will provide a pool of centralized Certified High Performance Coaches. These resources are available, as required, to help secure and deliver SalesStar Programs until the Franchise grows to a point where the Franchisee engages their own Coach(es). See Item 6, Note 7 and Fee.
7. We will provide SalesStar IP experts in specific products as outlined in the SalesStar Operations Manual.
8. We will provide you general guidance in setting up your office space. (Franchise Agreement, Section 3). It is your responsibility to ensure that your home office site is in accordance with your local city, state and federal laws, rules and regulations.

We will provide you with opening operational assistance for your SalesStar Franchise. (Franchise Agreement, Section 4.)

Site Selection

Since our franchises do not require a specific site for operation, but can be operated from any location that you choose, our approval of a site is not required. We only request that you provide us with an address that is not a P.O. Box - for purposes of assuring that all required regulatory filings have been made.

SalesStar Operations Manual

We will provide to you access to the SalesStar Operations Manual and other confidential manuals and instructions as we may develop (Franchise Agreement, Section 4). The Operations Manual consists of approximately 995 pages. The table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit D. The Operations Manual is revised periodically and may be provided to you electronically, through our intranet or another digital portal. You are solely responsible for any access license fees associated with use of the intranet and for obtaining all necessary hardware and software for such access.

We will provide you, through the Operations Manuals and other materials to be furnished or made available to you after you sign the Franchise Agreement, the standards and specifications that you will need to operate your SalesStar Franchise, which may also include computer hardware and software, and marketing materials that we require and have approved as meeting our specifications and standards (Franchise Agreement, Sections 3 and 8; and also Item 8 of this Disclosure Document). At our option, we will furnish or make available to you these items in the form of electronic copies, or electronic copies accessed through the Internet, SalesStar Intranet, or other communication systems.

Intellectual Property, Training and Certification

We will provide access to SalesStar Intellectual Property including:

- a) SalesStar 9 Step Pathway for Sales Success
- b) SalesStar Academy of online training modules
- c) Copyrighted Workbooks, Instructional Coaching Cards and PowerPoint Resources for delivery of SalesStar Programs as outlined in the SalesStar Operations Manual
- d) Transformation Toolbox: Tools to measure results and provide structure, support, and scalability for clients and coaches.
- e) The SalesStar System for operating a successful Franchise.
- f) SalesStar Digital Marketing Campaigns and Services which are a proven system to attract Marketing Qualified Leads. (May be subject to fees if customized).
- g) Speaking Engagements, Webinars, social posts, social pages, content creation for marketing, website, SEO, and Branding guidelines.
- h) Client services for client onboarding, customer success (NPS), conferences, centralized coaches bench of talent, recruitment guidelines, training, ongoing mentoring, coaching, training for certification, and Quality Control.
- i) SalesStar 9 Step Pathway for Recruiting Sales Stars
- j) Any future new product offerings and Intellectual Property developed (SalesStar has an ongoing commitment to development of new resources and IP).

Upon signing your Franchise Agreement, you, your Operating Partner(s), and any of your designated Personnel must successfully complete the appropriate certified training programs and obtain all required certifications within 6 months of the signing of this Franchise Agreement (the "Certification"). The Initial Training part of the Certification, must, however, be completed within 30 days of the signing of the Franchise Agreement and before the Franchised Business can operate. Thereafter, any person who replaces your Operating Partner or any other trained Personnel must successfully complete the Initial Training before assuming the particular position and then the full Certification within 60 days of assuming the position. We may require you or your Operating

Partner and other Personnel to attend and successfully complete periodic or additional training programs. The training time periods and requirements will be listed in the SalesStar Operations Manual and other materials as we deem appropriate.

Training includes academic and practical certification to be able to sell and deliver all SalesStar Programs and methodology.

SalesStar High Performance Coaches must attend both initial and ongoing training programs to become and remain a Certified SalesStar Coach.

Aside from the initial training program including the New Franchise Intensive to be held in New Zealand at the SalesStar Global Head Office, other training is usually delivered virtually through online modules and meetings. However, we reserve the right to host in person events. The duration of the training is set forth in the Training Summary below.

In addition, SalesStar may hold up to two conferences per year for Franchisees which may incur international or domestic travel costs.

As of the date of this Disclosure Document, training will be coordinated and supervised by various experienced members of our staff and SalesStar Franchise management personnel who have experience in the operation of SalesStar Franchises.

You must replace any individual who fails to successfully complete the appropriate training program(s) or who otherwise is not qualified to manage or perform the required functions at a SalesStar Franchise before opening your Franchise. We will not charge any fees to the Franchisee for attending the initial training programs we are required to provide under the Franchise Agreement. However, as described in Item 6 above, you will be responsible for all compensation and expenses (including travel, meals, lodging, and incidental expenses) incurred due to any training programs. Neither you nor your employees will receive any compensation from us for services performed during training.

Instructional materials for the training programs, SalesStar Academy, training Workbooks, Coaching Cards and instructions, for all the subjects covered in training and approximate hours of classroom and on-the-job training are described in the Operations Manual.

In addition to the training program, we may require you and/or your Operating Partner and other personnel for your SalesStar Franchise to attend and successfully complete periodic refresher or additional topical training programs. You or your Operating Partner, and, potentially, other personnel as we may designate, will be required to attend our annual SalesStar conference each year. We reserve the right to charge for fees related to the annual Conference, but attendees are responsible for their own travel, lodging, and other incidental costs of attending.

We may at our sole discretion require or allow you to establish a certified training program (that must continue to meet our high standards) for some or all of your personnel. If any of your personnel fail to perform their duties in accordance with the certified training program you establish under our standards, they must again complete the certified training program or be terminated.

The SalesStar training and certification summary is as follows:

	Hours of Classroom or Online Training	Hours of Training On-The-Job	Location
New Franchise Partner Bootcamp	40		New Zealand Global HQ or as designated by us
New Franchise Manager Initial Training & Orientation		12	Zoom
Sales Business Development Training & Certification	25*	8***	Zoom
Initial Coach Training & Certification -- Academic – ‘FP’ required # -- Practical – ‘FP’ optional ##	40**	20**** 26.5*****	Zoom/F2F Zoom/F2F
Sales Evaluation Specific Training & Certification	20	5	Online and Zoom
Operations & Client Services Systems	6	6	Zoom
Quality Control / Certification			Onsite
POS/Computers: SalesStar Technology	4	4	Zoom
SalesStar Recruitment Process Guidelines for hiring Sales Resources and High Performance Coaches	6	6	Zoom
Digital Marketing & Technology	6	6	Zoom
SalesStar Academy	10		Online
Ongoing Certification requirements	Weekly 1-2 hours		Zoom / Online

- *10 Sales Training sessions of 1 ½ hours plus 1 hour per session prep/homework
- **16 Coach Training sessions of 1 ½ hours plus 1 hour per session prep/homework
- ***On job sales training includes shadowing another Business Development Manager and being observed/Sales Certification Practical requirements completed
- **** On job coach training includes:
 - # Academic Certification (required for Franchise Partner) a 2 hour Academic certification for the Strategic Foundation Workshop (“SFW”)
 - # Academic Certification (required for Franchise Partner) observing a 2 day SFW & 2 pre-sessions, along with
 - ## Practical Certification (optional for Franchise Partner) facilitation of ‘SFW Readiness’ sessions (minimum 3 sessions x 1 ½ hours, plus 2 hours preparation per session),

- ## Practical Certification (optional for Franchise Partner) along with an observed 2-day SFW delivery where certification sign-off occurs

NB: *All High Performance Coaches are required to complete both Academic and Practical certification requirements for Coach Certification. Franchise Partners are required to complete Academic Certification requirements, but only need complete Practical certification if they intend to deliver 'SFWs' and coach clients directly through 'Transformation'.*

We estimate the time from the date you sign the Franchise Agreement to the date you open your SalesStar Franchise to be between 1 and 3 months. However, this time estimate may vary depending on numerous factors including location and financing.

Software Management Systems (SMS)

In operating your Franchise, you must purchase and use the SMS system we designate. Currently, we require all SalesStar franchisees to use the same SMS system to ensure accurate and accessible sales reporting and other information. A variety of financial reports and Franchise metrics can be produced by the system and conveniently accessed by authorized users. See Item 8 of this Disclosure Document for more information.

In the future, you must make and pay for all hardware and/or software upgrades to your SMS system that we may require. In addition, we have the right to independently access the information and data you collect and gather. We currently require that you have access to high-speed Internet to operate your SMS system, submit reports, including profit and loss statements and gross revenue reports, for your Franchise to us electronically via the Internet. We also have the right to require you, at your sole expense, to upgrade any required computer hardware and software to meet our then-current standards and specifications. There is no limitation on the frequency and cost of this requirement. We also have the right to independently access the information and data you collect and gather using any required computer hardware and software.

Ongoing Assistance

We will provide the following assistance during the operation of your SalesStar Franchise:

1. We will provide frequent mentoring and coaching guidance to you with regard to the System, including improvements and changes. (Franchise Agreement, Section 4).
2. We will periodically modify the SalesStar Operations Manual to reflect changes in standards, specifications, and operating procedures. (Franchise Agreement, Section 4).
3. We will periodically issue specifications, standards, methods, and operating procedures for SalesStar Franchise. (Franchise Agreement, Section 8).
4. We will sell (or cause our Affiliates, Designated Vendors or Approved Vendors, as applicable, to sell) to you certain equipment, tools and materials and other products and services as described in Item 8. (Franchise Agreement, Section 8).
5. We, at our discretion, may administer marketing and advertising funds for the development of advertising and related programs and materials. (Franchise Agreement, Section 10).

6. We will provide periodic and on-going training programs for you and/or your Operating Partner (described in Item 15). However, as described in Item 6, you will be responsible for all compensation and expenses (including travel, meals, and lodging) incurred due to any training programs, and we may charge a fee for such additional training. This training is described in detail in this Item 11. (Franchise Agreement, Section 4).

Computer Disruptions

Computer systems are vulnerable to disruptions in varying degrees to computer viruses, spyware, bugs, Trojans, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date related problems, and attacks by hackers and other unauthorized intruders. You must take reasonable steps so that these disruptions will not materially affect your business. We are not obligated to provide such protection or support. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to disruptions. It is your responsibility to protect your customer data, proprietary information, computer systems, SMS systems, and all other hardware and software from these disruptions. You should also take reasonable steps to verify that your lenders, landlords, customers, and government agencies on which you rely, have reasonable protection. This may include taking reasonable steps to secure your systems (including firewalls, software updates, password protection, anti-virus, and spyware protection systems and software), and to provide backup systems.

Marketing

Franchise Marketing Funds

We require at least the minimum amounts specified in Item 6 per annum above for local advertising and promotion of each of your SalesStar Franchises. These amounts spent on local advertising and promotion will be designated as Franchise Marketing Funds (“*FMF*”). We recommend using the SalesStar Head Office marketing department (“SalesStar Marketing”) for lead generation. SalesStar Marketing is best positioned to maximize your return on investment, and time, for local digital marketing spend.

At our request, you must furnish us with copies of invoices and other documentation evidencing your expenditures for FMF. If we determine, at some later date, that you spent less than the required amount during the then most recently completed four consecutive fiscal quarters for locally advertising and promoting your Franchise, we may collect FMF contributions directly. We will provide you with at least 30 days’ notice if we change the amount of the FMF you must spend. If we collect FMF contributions directly from you, FMF contributions will be payable at the same time as the Royalty Fees. (At our discretion, the funds may be electronically drafted or transferred.) The FMF monies will be used to pay for the cost of implementing local marketing plans developed by you and approved by us or, if we collect FMF contributions from you, to reimburse you (up to an amount not to exceed the FMF contributions so collected) for the costs you incur in implementing local marketing plans developed by you and approved by us.

National Marketing Fund

We will administer a National Marketing Fund (“**NMF**”) for the creation and development of creative materials and programs to increase brand awareness, marketing, advertising, and related programs and materials, including digital marketing, social media, print collateral, as well as the planning and purchasing of national and/or regional media (“**Marketing**”). The NMF is for the general marketing and brand awareness of the SalesStar System as a whole and not intended to market or benefit any one franchise location or franchisee. It also includes marketing for Speaking Engagements by the Franchisor or those designated by the Franchisor, Webinars, social posts, social pages (LinkedIn, Twitter, Instagram and Facebook), centralized content creation for franchise marketing assets, website, lead magnets, sales funnels, SEO, and Branding Integrity. The NMF will not be used to solicit new franchise sales.

SalesStar has developed significant expertise in digital marketing including the use of LinkedIn organic and paid advertising, and paid Google Ads to generate marketing qualified leads for Franchises. We will use SalesStar Head Office’s Marketing department as our preferred partner to manage, and execute strategic marketing campaigns on behalf of the SalesStar Group as we deem appropriate. At our discretion, the NMF may also pay for consumer research and the production and deployment of Marketing materials. We reserve the right to have our Affiliate or a related entity manage this fund.

If not covered by NMF, each Franchise, whether Franchise-owned, company-owned, or company-affiliated, shall be responsible for its pro rata share (or, if applicable, on a use basis), on a per Franchise basis, of the actual production costs and fees (such as print ad fees) of the Marketing materials, which can be paid by dollars contributed to FMF. SalesStar Franchises owned by us and our Affiliates shall contribute to the NMF on the same basis as the then-current rate for franchisees. You must contribute to the NMF amounts established as described in Item 6 above which is a minimum of \$1500 per month or 5% of your Gross Revenue (whichever is the greater) as a NMF contribution.

The NMF will be accounted for separately and will have its own financial statements that will indicate how the NMF was allocated through the year. The financial statements will be available for review upon request. The NMF will not, however, be audited. The NMF will be maintained in a separate account and will have its own financial statements that will indicate how the NMF was allocated through the year. The financial statements will be available for review upon request. The NMF will not, however, be audited.

Creative Approval Process

SalesStar will produce all advertising and promotional materials. However, SalesStar maintains the right to authorize or oversee the production of creative or marketing collateral by outside or third-party marketing or advertising firms. Any advertising and promotion materials not prepared by SalesStar must follow brand guidelines as per the Operations Manual and we reserve the right be approved before your use. The complete creative approval process, as it occasionally may be updated, can be found in the Operations Manual. We reserve the right to decline approval of any advertising or promotional materials if we believe it does not meet our brand standards. In some cases, SalesStar may charge an assessment or custom creative fee to cover the cost of custom

marketing collateral or promotional development that may not apply or be implemented System-wide. You may not use any advertising or promotional materials that we have not approved.

Social Media

We may create a social-media page for each of your locations when it opens for business and may provide you access through an Internet-based platform that we select and use from time to time. All social-media pages will belong to us, and your use thereof will be subject to the policies and procedures set forth by us, as modified from time to time. You are not authorized to create any social-media pages or accounts (including, but not limited to, LinkedIn, Instagram, Facebook, Twitter, and Snapchat) for any of your SalesStar locations without our prior written consent.

Computers

Description of Standard Hardware and Software System Components

The SMS system enables management of clients and the Franchise, including capture of data for the possible use in other applications including payroll, cash management, and production planning. This system may also allow for the seamless communication of daily financial and sales information to a central processing facility. To use this system, you must subscribe to high-speed or broadband Internet services or access. The information communicated to us, as described above, will also enable us to make automatic withdrawals of royalty and fee payments from the designated account described in Item 6.

None of us (SalesStar, our Affiliates, or any Designated Vendors) are required to provide ongoing maintenance, repairs, upgrades or updates to the SMS hardware system. However, the SMS vendor or Designated Vendors may offer various options for hardware repair, system modules, and software support plans, which you may be required to also purchase.

The cost of the computers and SMS system including installation, is approximately \$1000 - \$2000. The monthly cost of the SMS system support is \$400, per user/per month. The SalesStar Operations Manual details what will be provided to each user and actual costs by role.

Upon 60 days' written notice, you must upgrade or replace financial data processing, communications and security systems, including the SMS and back-office computer system, whenever we require it, and we have no obligation to assist you in obtaining hardware, software, or related services. There are no contractual limits on the frequency or cost of your obligation to obtain such upgrades.

We have the right to require you to modify or discontinue use of the SMS system or any of its functions if we determine that it becomes advisable at any time. In such a case, you must comply with our directions to modify or discontinue the use of the SMS system or any of its functions or use a new SMS system or specific SMS system function within a reasonable time after notice from us. You must bear all costs and expenses applicable to your SalesStar Franchise should we decide to modify the SMS system or adopt a new SMS system. We will have no liability or obligation whatsoever with respect to any such required modification or discontinuance of the SMS system or the installation, training, and use of a new SMS system. Also, we are not obligated

to reimburse you for any loss of goodwill associated with any modification or discontinuance of the SMS system or the installation and use of a new SMS system or for any expenditure made by you to train your Franchise staff on the new SMS system.

Broadband Configuration

Your broadband network configuration must meet the following minimum standards and criteria:

- Persistent broadband Internet connection with a speed of at least 30 Mbps

To establish a secure connection between the SMS equipment located in your Franchise and broadband service provider, you may be required to purchase, from SalesStar, specific equipment and devices. Also, we may require you to purchase additional equipment and services to establish Wi-Fi Internet access in your Franchise. We recommend that you hire third-party vendors to install the equipment at an additional cost.

Data Security

You must ensure the security of data located on and transmitted from your internal network. You will be responsible to configure your network and all connected systems to ensure data security. We may implement policies and procedures and reasonably require from time to time that you purchase or implement specific hardware, software, or configurations in order to address changing technology and data security needs.

Item 12. Territory

This is a “free range” territory Franchise that is worldwide. Your Franchise can operate in any industry, specialist niche, and location as required by the clients you have secured. However, each Franchised Business/Franchise is limited to having up to 10 Coaches engaged in selling and providing services for that particular Franchise.

You may choose to collaborate with other international Franchises to service global businesses outside of the USA, or resource these engagements within your Franchise. However, there are SalesStar policies governing rules of engagement and fairplay regarding lead/client ownership which offer protection against client poaching, the details of which are in the Operations Manual.

Provided the FDD is filed in the State of your choice, you can operate your Franchise from any location that you chose. You will not receive an exclusive territory. This may result in competition from other Franchises, from Franchises that we own, or from other channels of distribution or competitive brands that we control. SalesStar does encourage collaboration amongst Franchises.

Additionally, we, and other Franchises, can solicit clients through any and all channels of distribution. Similarly, you are permitted to solicit clients within any territory in the US or elsewhere and through any and all channels of distribution.

Item 13. Trademarks

Under the Franchise Agreement, we license you the right to use the Marks in the operation of your SalesStar Franchise. As of the Effective Date of this Disclosure Document, applications for the following marks (“*the Marks*”) have been submitted to the United States Patent and Trademark Office (the “*USPTO*”). There are no pending interference, opposition or cancellation proceedings or any pending material litigation, involving the Marks. There are no agreements currently in effect which significantly limit our rights to use or franchise the use of the Marks. The Marks are the principal trademarks used in the franchised business.

<u>Mark</u>	<u>Status</u>	<u>Application No.</u>	<u>Application Date</u>	<u>Registration No.</u>	<u>Registration Date</u>
SALESSTAR	Live	79215821	Jun 07, 2017	5796446	Jul 09, 2019

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable standards, specifications, operating procedures and rules that we require. Your unauthorized use of the Marks will constitute a breach of the Franchise Agreement and an infringement of our rights in the Marks. Your use of the Marks and any goodwill established by your use will benefit us exclusively. The Franchise Agreement does not confer any goodwill or other interests in the Marks on you other than the right to operate your SalesStar Franchise in compliance with the Franchise Agreement. All rights in and goodwill from the use of our trademarks, including the Marks, accrue solely to us. All provisions of the Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols that we authorize for use by you in the future.

You must use the applicable Marks as the sole identification of your SalesStar Franchise, and you must identify yourself as the independent owner in the manner we require. You may not use any of the Marks as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos franchised to you under the Franchise Agreement), or in any modified form; nor may you use any of the Marks in performing or selling any unauthorized services or products or in any other manner not expressly authorized in writing by us. You may not use any of the Marks as part of an electronic mail address or on any sites on the Internet, unless approved by the Franchisor. You may not use or register any of the Marks as any part of an Internet domain name. You must display the applicable Marks prominently at your Franchise, on supplies or materials designated by us, and on packaging materials, forms, labels and advertising and marketing materials. You must display all applicable Marks in the manner we require, and you must use the appropriate signal, such as “®” for registered marks and “™” for non-registered marks or as we may otherwise designate in using any of the Marks. You

must refrain from any business or marketing practice which may be injurious to our business and the goodwill associated with the Marks.

We have the right to require you to modify or discontinue use of any of the Marks or use one or more additional or substitute trade or service marks if we determine that it becomes advisable at any time. In this case, you must comply with our directions to modify or discontinue the use of the Mark or use one or more additional or substitute trade or service marks within a reasonable time after notice from us. You must bear all costs and expenses applicable to your SalesStar Franchise should we decide to modify the Marks or adopt new marks. We will have no liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress. Also, we are not obligated to reimburse you for any loss of goodwill associated with any modified or discontinued Mark or for any expenditure made by you to promote a modified or substitute trademark or service mark.

You must immediately notify us of any apparent infringement of or challenge to your use of any of the Marks or claim by any person of any rights in any Trademark, and you must not communicate with any person other than us or our counsel about the infringement, challenge or claim. We have the right to take the action we deem appropriate and control exclusively any litigation, USPTO proceeding, or any other administrative or court proceeding concerning any of the Marks. You must sign any instruments and documents, render assistance and do those things as, in the opinion of our legal counsel, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your authorized use of any of the Marks and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of the claim or proceeding and have otherwise complied with the requirements of the Franchise Agreement and all other agreements entered into with us and our Affiliates. At our option, we are entitled to defend and control the defense of any proceeding arising out of your authorized use of any of the Marks. At SalesStar's sole discretion, it will be entitled to prosecute, defend, or settle any proceeding out of your use of any Mark, and if SalesStar decides to prosecute, defend, or settle any matter, it will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain. In addition to all other rights we may have for unauthorized use of the Marks or the sale of unauthorized products or services, you must reimburse us for any damages, liability, or expenses incurred by us arising out of your sale of any unauthorized product or service or for any damages, liability, or expenses incurred by us arising out of your use of the Marks in an unauthorized manner.

Your right to use the Marks is derived solely from the Franchise Agreements you enter into with us. You may not use any Mark (or any abbreviation, modification, or colorable imitation) as part of a corporate or legal business name or in any other manner (including as an electronic media identifier, such as a website, web page, or domain name) not explicitly authorized in writing by us.

To our actual knowledge, there are no rights or infringing uses which could materially affect your use of any of the Marks in any state.

Item 14. Patents, Copyrights and Proprietary Information

Except as noted below, we and our Affiliates do not own any patents or copyrights which are material to the Franchise.

We consider certain information relating to the development and operations of a SalesStar Franchise to be trade secrets and proprietary information. This information includes:

1. Operations Manuals and materials;
2. training materials;
3. sales coaching, training, assessment, consulting and general advisory services methods and processes;
4. sales, marketing, and advertising materials, programs and techniques for the SalesStar Franchise;
5. identity of suppliers and knowledge of specifications, processes, procedures, and equipment, and pricing for authorized products, materials, supplies, and equipment;
6. knowledge of operating results and financial performance of SalesStar Franchises, other than the SalesStar Franchise you own;
7. computer systems and software programs used or useful in SalesStar Franchises;
8. any and all other information that we provide you that is labeled proprietary or confidential;
9. methodology for assessing, selecting and approving Franchises; and
10. Franchise financial comparison, alerts, analytical software and tools, and methodologies.

All ideas, concepts, methods, formulas, or techniques useful to SalesStar Franchises, whether or not constituting protectable intellectual property, and whether created by you or on your behalf, must be promptly disclosed to us and, if adopted as part of the System, will be considered our property and works made-for-hire for us. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, methods, or techniques. You must not, however, test, offer or sell any new products or methods or techniques without our written consent.

You may not use our Confidential Information in an unauthorized manner and may not disclose our Confidential Information to others. Your restrictions on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the business industry (other than through your own disclosure), provided you obtain our prior written consent to such disclosure or use.

We own the Confidential Information and claim copyrights in the Confidential Information. The Confidential Information includes trade secrets and is our proprietary information. You will have access to some of this Confidential Information required in the operation of your business. However, you will not acquire any interest in any Confidential Information, other than the right to use Confidential Information disclosed to you in operating your SalesStar Franchise during the term of the Franchise Agreement. The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition and a violation of your Franchise Agreement. We only disclose the Confidential Information to you on the condition that you agree:

- (i) Not to use Confidential Information in any other business or capacity;
- (ii) To maintain the absolute confidentiality of Confidential Information during and after the term of the Franchise Agreement;
- (iii) Not to make unauthorized copies of any portion of Confidential Information disclosed in written or other tangible form; and
- (iv) To adopt and implement all reasonable procedures that we require to prevent unauthorized use or disclosure of Confidential Information, including restrictions on disclosure of Confidential Information to your employees and to comply with requirements that we may impose that certain key employees sign confidentiality agreements as a requirement and condition of employment.

We have not registered any copyrights with the U.S. Registrar of Copyrights. You may use the Operations Manuals and other materials during the term of the Franchise Agreement. There are currently no effective determinations of the U.S. Copyright Office or any court regarding any of the copyrights. There are no agreements currently in effect that significantly limit our rights to use or franchise the copyrighted materials. Also, there are no other rights or infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state.

Your right to use any copyrights we develop and license to you is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable standards, specifications, operating procedures and rules that we require. Your unauthorized use of the copyrights will constitute a breach of the Franchise Agreement and an infringement of our rights in the copyrights. Your use of the copyrights and any goodwill established by your use will benefit us exclusively. The Franchise Agreement does not confer any goodwill or other interests in the copyrights upon you other than the right to operate your Franchise in compliance with the Franchise Agreement. All rights in and goodwill from the use of the copyrights will accrue solely to us. All provisions of the Franchise Agreement applicable to the copyrights will apply to any additional copyrighted materials that we authorize for use by you in the future.

We have the right to require you to modify or discontinue use of any of the materials in which we claim copyrights if we determine that it becomes advisable at any time. In this case, you must comply with our directions to modify or discontinue the use of those materials within a

reasonable time after notice from us. You must bear all costs and expenses applicable to your SalesStar Franchise should we decide to modify the Marks or adopt new marks. We will have no liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress. Also, we are not obligated to reimburse you for any loss of goodwill associated with the modification or discontinuation of any materials in which we claim copyrights or for any expenditure made by you in your use of those materials.

You must immediately notify us if you learn that any person may be using our copyrighted materials without our consent or authorization. You must also immediately notify us of any challenge to your use of any copyright or claim by any person of any rights in any copyright. You must not communicate with any person other than us or our counsel about any challenge or claim to any copyright. We have the right to take the action we deem appropriate and the right to exclusively control any litigation, U.S. Copyright Office proceeding or any other administrative proceeding concerning any copyright. You must sign any instruments and documents, render assistance and do those things as, in the opinion of our legal counsel, may be necessary or advisable to protect and maintain our interests in any litigation or Copyright Office proceeding or other proceeding or otherwise to protect and maintain our interests in the copyrights.

We are not obligated to indemnify you against, reimburse you for, or compensate you for any damages for which you are held liable in any proceeding arising out of your unauthorized use of any patent or copyright under the Franchise Agreement; neither are we obligated to reimburse or compensate you for any costs you incur in defending any claim brought against you or your Owners, Investors or Affiliates or any proceeding in which you are named as a party in connection with such unauthorized use of any patent or copyright. In addition to all other rights we may have for unauthorized use of a patent or copyright, you must reimburse us for any damages, liability, or expenses incurred by us arising out of your use of a patent or copyright in an unauthorized manner. At our option, we are entitled to defend and control the defense of any proceeding arising out of your use of any copyright.

Item 15. Obligation to Participate In the Actual Operation of the Franchise Business

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate in Schedule 2 to the Franchise Agreement as the “***Operating Partner***” an individual approved by us who must:

- a) be engaged full-time in the business of your SalesStar Franchise;
- b) have the authority to bind you regarding all operational decisions with respect to your SalesStar Franchise; and
- c) have completed our training program to our satisfaction.

You and/or your Operating Partner: (a) shall exert your full-time and best efforts to the development and operation of all SalesStar Franchises you own; and (b) may not without our approval engage in any other business or activity, directly or indirectly, that requires substantial

management responsibility or time commitments or otherwise may conflict with your obligation under the Franchise Agreement. You must provide us with a copy of any proposed arrangement, agreement, or contract, and all amendments, with your Operating Partner for our prior review and approval, and upon approval thereof, signed copies thereof. The agreement should include a provision that if the Operating Partner is terminated, for whatever reason, he/she shall not for a period of one year after such termination recruit or hire any Personnel of yours, ours, or of any SalesStar Franchise operated by us, our Affiliates or any franchisee of ours, without obtaining the employer's and our consent, which consent may be withheld for any reason. We will have no responsibility, liability, or obligation to any party to any such arrangement, agreement, or contract, or any amendments, on account of our approval thereof or otherwise, and you must indemnify and hold us harmless with respect thereto. Your SalesStar Franchise must, at all times, be managed by you and/or your Operating Partner or by a manager who has completed our training program to our satisfaction. Your manager need not have an equity interest in the franchise, but must not engage in any other business or activity that requires substantial commitment.

As more fully stated in the Franchise Agreement, you must implement all reasonable procedures we occasionally prescribe to prevent unauthorized use or disclosure of Confidential Information. Such procedures may include the use of nondisclosure agreements with your Owners, officers, directors, Operating Partners, and other personnel. You and your Owners must deliver such agreements to us. At the end of the term of a Franchise Agreement, you must deliver to us all Confidential Information in your possession. We have the right to require your Personnel to sign a confidentiality agreement in our favor as a condition of employment in the Franchise. By signing the confidentiality agreement, your Personnel agree to the non-solicitation covenants described in Item 17 of this Disclosure Document.

You, your owners, officers, directors, Operating Partners, and other personnel, shall be bound by the restrictive covenants described in Item 17 of this Disclosure Document.

If you are a partnership, corporation, limited liability company, or other legal entity, one, some, or all of your Owners as we deem necessary must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement. Copies of these guaranties are attached as Schedule 3 to the Franchise Agreement.

Item 16. Restrictions on What the Franchisee May Sell

You must sell the specific sales coaching, training, assessment, consulting and general advisory services that we determine to be appropriate for your SalesStar Franchise as set forth in the Operations Manual and training. We may, in our discretion, establish certain marketing programs, including limited time offers, with which you must participate. You must offer all SalesStar services and products that we authorize you to sell. However, we are not required to authorize you to sell all available SalesStar Products.

You may only use pamphlets, brochures, cards or other promotional materials that we have prepared, unless otherwise approved by us in advance.

Your SalesStar Franchise will not be permitted to offer any services or products (including promotional items) we have not authorized for SalesStar Franchises without prior written approval.

We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes.

You are encouraged to participate in charitable, fundraising and community activities.

We may conduct market research to determine consumer trends and salability of new services or products. You must participate in our market research programs by test-marketing new services in your SalesStar Franchise and providing us with timely reports and other relevant information regarding such market research.

We and our Affiliates will have the perpetual right to own and use and authorize other SalesStar Franchises to use, and you will fully and promptly disclose to us, all ideas, concepts, formulas, methods and techniques about the development or operation of your Franchise conceived or developed by you or your employees during the term of your Franchise Agreement. You may not test, offer, or sell any new services or products without our written consent.

With respect to each SalesStar Franchise developed, you will be subject to the restrictions on goods and services contained in our then-current standard Franchise Agreement. The restrictions in our current Franchise Agreement are summarized below and more fully set out in the Franchise Agreement attached as Exhibit C hereto.

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Item 17. Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	<u>Section 2</u>	Initial term is 5 years.
b. Renewal or extension	<u>Section 2</u>	May be granted a renewal term of 5 years under terms of then-current Franchise Agreement. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreements.
c. Requirement for franchisee to renew or extend	<u>Section 2</u>	You give us at least 180 days' notice; you sign new Franchise Agreement (which may include different or additional fees and performance criteria); at our request; you have complied with the Franchise Agreement and all other agreements with us or our Affiliates during the initial term; you have satisfied all monetary obligations; and there is no adverse franchise legislation. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreements.
d. Termination by franchisee	None	Not Applicable
e. Termination by franchisor without cause	None	Not Applicable
f. Termination by franchisor with cause	<u>Section 14</u>	We have the right to terminate if you are in default of Franchise Agreement or any other agreement with us or our Affiliates or if you fail to satisfactorily complete the required training or if you fail to begin your Franchise operations within 30 days after signing of Franchise Agreement.
g. "Cause" defined – curable defaults	<u>Section 14</u>	You have 10 days to correct delinquent payments due us; you have 10 days to submit or correct a report of sales information or any financial statement or report required under the Franchise Agreement; you have 30 days to make a timely payment of any amount due to a supplier; 10 days to allow us to inspect, examine or audit your Franchise and books; 10 days to cure violation of federal labor laws; 30 days to cure other curable breaches of the Franchise Agreement;

Provision	Section in Franchise or Other Agreement	Summary
h. "Cause" defined – non-curable defaults	<u>Section 14</u>	Includes voluntary bankruptcy, insolvency, failure to open or abandonment of business, breach of obligations under the lease of the Franchise premises, misrepresentations or omissions, conviction of or plea of no contest to a felony or misdemeanor involving moral turpitude, violation of any anti-terrorism law, unauthorized transfer, unauthorized disclosure of Confidential Information, repeated breaches of the agreements, unauthorized use of the SalesStar Marks or Confidential Information, failure to pay uncontested taxes, repeated defaults (even if cured) default on any financing obligations; failure three or more times within a period of twelve months to submit reports and other data or to otherwise comply with the Franchise Agreement, whether or not such failure is corrected; material misstatements by you or your owners; understatement of net sales by an amount greater than 2%; you default with respect to any of your obligations to us or any other lender; you default in performance of any of your obligations under any agreements with us; a final judgment is entered against you of \$25,000 or more that remains unsatisfied for 30 days or more; a suit is filed to foreclose a lien or mortgage against any of your assets; you voluntarily dissolve or liquidate or have a petition filed for dissolution that is not dismissed within 30 days; failure to hire or select or to notify us of the termination of your Operating Partner; failure to open your business as required.
i. Franchisee's obligations on termination / non-renewal	<u>Section 15</u>	Pay all amounts due, including any late charges and interest; continue to honor all guaranties, releases and waivers; retain records and permit audits; not disclose Confidential Information; discontinue use of SalesStar Marks, Confidential Information, proprietary software, and any mode of Internet communications; de-identify your business; return the Operations Manual and other similar materials; deliver to us all signs, equipment, supplies and materials displaying the SalesStar Marks; cancel any fictitious or assumed name certificates; make required changes to premises; dispose of non-returnable supplies and materials; honor indemnification requirements; and continue to honor and be bound by general provisions; provide evidence of your compliance within 30 days of termination.
j. Assignment of contract by franchisor	<u>Section 13</u>	No restriction on our right to transfer or assign Franchise Agreement.
k. "Transfer" by franchisee – defined	<u>Section 13</u>	Includes sale, transfer, assignment, or other disposition of the Franchise Agreement's rights, or other ownership interest in franchisee, or ownership change.

Provision	Section in Franchise or Other Agreement	Summary
l. Franchisor's approval of transfer by franchisee	<u>Section 13</u>	We have the right to approve or deny all transfers but will not unreasonably withhold approval if certain conditions are satisfied.
m. Conditions for franchisor's approval of transfer	<u>Section 13</u>	Franchise must have opened; you must be in compliance with agreement; Transferee must qualify, complete training, and sign new or existing Franchise Agreement and other related agreements; all your Franchise must be transferred; transfer fee must be paid; your obligations are paid and you are not in default; you must subordinate debts and sign a general release and non-solicitation agreement; we must approve price and payment terms; there must be no adverse franchise legislation; you subordinate any obligations of the transferee to you to the transferee's obligations to us; you obtain any required landlord consents; you agree not to use the SalesStar Marks; you or your transferee agrees to any refurbishment we require; and you must do other things we may reasonably request.
n. Franchisor's right of first refusal to acquire franchisee's business	<u>Section 13</u>	We can match any bona fide offer for your business or for a controlling interest in your entity within 30 days from delivery of a complete and accurate copy of offer.
o. Franchisor's option to purchase franchisee's business assets	<u>Section 15</u>	Upon termination of the Franchise Agreement, we have the right to purchase any or all of your Franchise's assets by giving you notice within 10 days of termination/expiration, at fair market value. Under the security agreement that may be provided for in the Franchise Agreement, we can foreclose and acquire the assets of your Franchise if you default.
p. Death or disability of franchisee	<u>Section 13</u>	All rights in the Franchise Agreement must be assigned to an approved buyer within a reasonable time period not to exceed six months of death/disability.
q. Non-competition covenants during the term of the franchise	<u>Section 9</u>	No involvement in any competing business, regardless of its location.
r. Non-competition covenants after the franchise is terminated or expires	<u>Section 16</u>	None. There is a Non-solicitation covenant only.
s. Modification of agreement	<u>Sections 10 and 18</u>	Generally, no modifications except by written agreement signed by both parties. However, the Operations Manual and related materials, and the Franchise Website, are subject to change and regular updating by us.

Provision	Section in Franchise or Other Agreement	Summary
t. Integration/merger clause	<u>Section 18</u>	Only the terms of the Franchise Agreement, including Operations Manual, are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim franchisor's representations made in this Disclosure Document.
u. Dispute resolution by litigation	<u>Section 17</u>	Parties may resolve disputes through litigation.
v. Choice of forum	<u>Section 17</u>	Delaware state court, and federal district court in Delaware.
w. Choice of law	<u>Section 18</u>	Delaware law applies generally, unless governed by applicable franchise laws of other states.

Item 18. Public Figures

We do not use any public figure to promote the sale of our franchises.

Item 19. Financial Performance Representations

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the 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 Franchise 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 Statement of Performance provided is for a Franchisor/Affiliate owned Franchise in the USA that has been in business for at least 12 months. This information is provided in USD for the Financial Year Ending December 31st.

“Core Transformation Clients” describes clients who have engaged the SalesStar Franchise to deliver services related to our High Performance 9 Step Pathway. Income is collected by way of a monthly recurring revenue model.

EBITOD refers to Earnings before Interest and Tax, and Owners Drawings (including any dividends or Success Bonuses). Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Statement of Performance	\$USD	\$USD	\$USD
Year End: 31-Dec	2021	2022	2023
	Actual	Actual	Actual
Franchise One	<6mths	Jan-Dec	Jan-Dec
Revenue	\$ 216,663	\$ 895,825	\$ 1,226,485
% of Revenue Monthly Recurring Revenue	56%	75%	77%
EBITOD:	\$ 95,557	\$ 279,395	\$ 397,981
Earnings before Interest, Tax and Owners Drawings	44%	31%	32%
Franchise Two	<6mths	Jan-Dec	Jan-Dec
Revenue			\$ 361,042
% of Revenue Monthly Recurring Revenue			64%
EBITOD:			\$ 165,088
Earnings before Interest, Tax and Owners Drawings			46%

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Sales Star Franchising USA, LLC, does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Cassandra Marez at Cassandra.Marez@salesstar.com or (704) 605-6424, the Federal Trade Commission, and the appropriate state regulatory agencies.

[The remainder of this page is intentionally left blank.]

Item 20. Outlets and Franchisee Information

Table No. 1*
For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Franchises at the Start of the Year	Column 4 Franchises at the End of the Year	Column 5 Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	3	3
Affiliate-owned	2021	0	1	1
	2022	1	3	2
	2023	3	1	-2
Total Outlets	2021	0	1	1
	2022	1	3	2
	2023	3	4	1

Table No. 2
Transfers of Franchises from Franchisees to New Owners
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

**Table No. 3
Status of Franchised Franchises For Years 2021 to 2023**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Open ed	Col. 5 Terminat ions	Col. 6 Non- Renewal s	Col. 7 Re- acquire d by SalesSta r	Col. 8 Ceased Operati ons – Other Reasons	Col. 9 Outlets at End of the Year
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Ohio	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Wisconsin	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

This franchise was purchased by a franchisee from our Affiliate.

**Table No. 4
Status of Affiliate-owned Franchises
For Years 2021 to 2023**

Col. 1 State	Col. 2 Year	Col. 3 Franchise s at Start of Year	Col. 4 Franchise s Opened	Col. 5 Franchise s Reacquire d from Franchise e	Col. 6 Franchise s Closed	Col. 7 Franchise s Sold to Franchise e	Col. 8 Franchi ses at End of the Year
Delaware	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
	2023	3	0	0	0	2	1
	2021	0	1	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Franchise s at Start of Year	Col. 4 Franchise s Opened	Col. 5 Franchise s Reacquire d from Franchise e	Col. 6 Franchise s Closed	Col. 7 Franchise s Sold to Franchise e	Col. 8 Franchi ses at End of the Year
Totals	2022	1	2	0	0	0	3
	2023	3	0	0	0	2	1

**Table No. 5
Projected Openings as of December 31, 2024**

Column 1 State	Column 2 Franchise Agreements Signed But Franchise Not Opened	Column 3 Projected New Franchised Franchises in the Next Fiscal Year	Column 4 Projected New Affiliate-owned Outlets in the Next Fiscal Year
Florida	0	2	0
Massachusetts	0	1	0
Texas	0	2	0
Wisconsin	0	1	0
Total	0	6	0

Current Franchisee List

The name, addresses, and telephone numbers of our franchisees and their SalesStar Franchises as of the Issuance Date as listed in Exhibit B.

Past Franchisee List

The name, last known address and telephone number, if available, of every franchisee who has transferred a franchise, had a franchise business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the last completed fiscal year or who has not communicated with Franchisor within 10 weeks of the date of this Disclosure Document are listed in Exhibit B. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed confidentiality clauses during the last three years that prevent them from speaking to prospective franchisees about their experience as a SalesStar franchisee.

Item 21. Financial Statements

Attached as Exhibit E are the audited opening financial statements of Sales Star Franchising USA, LLC, dated, December 31, 2023. Also attached as part of Exhibit E are unaudited interim financials, dated, April 30, 2024. The Franchisor's fiscal year end is December 31.

Item 22. Contracts

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

<u>Exhibit A</u>	Schedule of State Administrators and Agents for Service of Process
<u>Exhibit B</u>	List of Franchisees and Former Franchisees
<u>Exhibit C</u>	SalesStar Franchise Agreement
<u>Schedule 1</u>	Acknowledgment Addendum
<u>Schedule 2</u>	Ownership Addendum
<u>Schedule 3</u>	Guaranty
<u>Schedule 4</u>	Investor Personal Covenants Regarding Confidentiality and Non-Competition
<u>Schedule 5</u>	Authorization Agreement for Prearranged Payments (Direct Debits)
<u>Schedule 6</u>	State Specific Addenda
<u>Exhibit D</u>	SalesStar Operations Manual Table of Contents
<u>Exhibit E</u>	Financial Statements
<u>Exhibit F</u>	State Specific Addenda
<u>Exhibit G</u>	Definitions
<u>Exhibit H</u>	State Effective Dates & Receipts

Item 23. Receipts

Exhibit H of this Disclosure Document is a detachable document acknowledging your receipt of this Disclosure Document. The Federal Trade Commission requires that you promptly sign and return one copy of the Receipt to us. This does not obligate you to purchase a franchise and it does not obligate us to sell you a franchise.

[The remainder of this page is intentionally left blank.]

Exhibit A

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

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

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	<p>California of Financial Protection and Innovation:</p> <p>Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677</p> <p>Sacramento: 2102 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 or (866) 275-2677</p> <p>San Diego: 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 (619) 525-4233 or (866) 275-2677</p> <p>San Francisco: 71 Stevenson Street, Suite 2100 San Francisco, CA 94105-2980 (415) 972 8559 or (866) 275-2677</p>	<p>California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677</p>
CONNECTICUT	<p>Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>	<p>Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>
FLORIDA	<p>[Not Applicable]</p>	<p>Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, Florida 32399-6500 (850)-922-2966 or (850) 488-2221</p>
HAWAII	<p>Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 548-2021</p>	<p>Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 100 W. Randolph Street Chicago, IL 60601 (312) 814-3892
INDIANA	Secretary of State Administrative Offices of the Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
NEW YORK	New York Secretary of State 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st FL New York, NY 10005 (212) 416-8222
NORTH DAKOTA	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue, John O. Pastore Complex–Bldg. 69-1 Cranston, RI 02920 (401) 462-9527	Associate Director and Superintendent of Securities Division of Securities 1511 Pontiac Avenue, John O. Pastore Complex–Bldg. 69-1 Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 South Euclid Suite 104 Pierre SD 57501 (605) 773-4823	Franchise Administrator Division of Securities 124 South Euclid Suite 104 Pierre SD 57501 (605) 773-4823
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
UTAH	[Not Applicable]	Division of Consumer Protection Delaware Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9672	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Olympia, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Franchises Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

Exhibit B

LIST OF FRANCHISEES AND FORMER FRANCHISEES

CURRENT FRANCHISEES:

**FRANK NIEKAMP
8214 TILLINGHAST DRIVE, DUBLIN, OHIO, 43017.
+1 614 551 9858**

**JILL PEDERSEN
1804 VERDICT RIDGE DRIVE, DENVER, NORTH CAROLINA, 28037
+1 630 631 8948**

**STEVE SCHAEFER
W237 N3188 LITTLEFIELD CT, PEWAUKEE, WISCONSIN, 53072
+1 262 227 8399**

THERE ARE NO FORMER FRANCHISEES.

LIST OF FRANCHISEES (AS OF DECEMBER 31, 2022)

None.

LIST OF FORMER FRANCHISEES (AS OF DECEMBER 31, 2022)

The name, last known address and telephone number, if available, of every franchisee who has had a franchise business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the last completed fiscal year or who has not communicated with Franchisor within 10 weeks of the date of this Disclosure Document are listed below. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no former franchisees as of the Effective Date of this Franchise Disclosure Document.

Exhibit C

SALESSTAR FRANCHISE AGREEMENT

Franchise Agreement

SALES STAR FRANCHISING USA, LLC

a Delaware limited liability company

13016 Eastfield Road, Ste B200 #203

Huntersville, NC 28078

(704) 286-8996

success@salesstar.com

www.salesstar.com

SALESSTAR

[_____]
Franchisee

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Schedule 1 – Acknowledgement Addendum

Schedule 2 – Ownership Addendum

Schedule 3 – Guaranty

Schedule 4 – Investor Personal Covenants Regarding Confidentiality & Non-Competition

Schedule 5 – Authorization Agreement for Prearranged Payments

Schedule 6 – State-Specific Addenda

SalesStar® Franchise Agreement

This Franchise Agreement (the “**Agreement**”) is made and entered into as of [_____], by and between Sales Star Franchising USA, LLC, a Delaware corporation, with its principal place of business at 13016 Eastfield Rd., Ste B200 #203, Huntersville, NC 28078 (“**we**”, “**us**”, the “**Company**” or “**Franchisor**”) and [_____], a [_____] (“**you**” or “**Franchisee**”) whose principal address is [_____]. The Company and Franchisee are sometimes collectively referred to in this Agreement as the “**Parties**” and each individually as a “**Party**.”

1. INTRODUCTION

A. SALESSTAR BUSINESSES.

We own, operate, and franchise SalesStar businesses specializing in strategic sales consulting with sales training and coaching. We, or our Affiliates, have developed and own a comprehensive system for developing and operating SalesStar Businesses, which includes, without limitation: trademarks; copyrights, software; methods of sales training services; training programs; and certain operational and business standards and policies, all of which we may improve, further develop or otherwise modify (the “**System**”).

B. YOUR ACKNOWLEDGEMENTS.

You acknowledge that you have read and understood this Agreement, our Franchise Disclosure Document, and agreements relating hereto, if any. You acknowledge that you have had ample time and opportunity to consult advisors of your own choosing about the potential benefits and risks of entering into this Agreement. By signing this Agreement, you understand that the SalesStar concept offers high-quality strategic sales consulting with sales training and coaching services. You accept the proposition that to deliver that quality of service requires a unique approach to the techniques, equipment, and customer experience (impacted by the quality of people and training). You understand the terms, conditions, and covenants of this Agreement and accept them as being reasonably necessary to maintain the uniformity of our high-quality standards at all SalesStar Businesses to protect and preserve the goodwill of the Marks and the integrity of the System. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the sales training and sales coaching industry is highly competitive, with constantly changing market conditions and consumer demands. You recognize that the nature of SalesStar Businesses may change over time, that an investment in a SalesStar Business involves business risks, and that the success of the venture is largely dependent on your own business abilities, efforts, and financial resources.

Except as expressly set forth in Item 19 of the Franchise Disclosure Document provided to you prior to the execution of this Agreement, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any representation, guaranty, or warranty expressed or implied, as to the sales volume, income, earnings, expenses, revenues, profits or success of SalesStar Businesses or the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of SalesStar Businesses. You further acknowledge that you have not received or relied on any representations about the franchise, the Company, or its franchising program or policies from us or our officers, directors, shareholders, employees, or agents that are contrary to the statements made in our Franchise Disclosure Document or the terms of this Agreement. Any information acquired by you from other SalesStar franchisees relating to sales, income, earnings, expenses, revenues,

profits or success of any franchised SalesStar Business does not constitute information obtained from us; nor do we make any representation as to the accuracy of any such information. You acknowledge and agree that SalesStar's officers, directors, employees, and agents act only in a representative, and not in a personal, capacity in connection with any of our dealings with you.

C. YOUR REPRESENTATIONS.

You and your Owners jointly and severally represent and warrant to us that: (1) neither you nor any of your Owners has made any untrue statement of any material fact or has omitted to state any material fact in the written information you have submitted in obtaining the rights granted hereunder; (2) neither you nor any of your Owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as you have otherwise completely and accurately disclosed in writing to us in connection with obtaining the rights granted hereunder; and (3) the signing and performance of this Agreement will not violate any other agreement to which you or any of your Owners may be bound. You recognize that we have signed this Agreement in reliance on all of the statements you and your Owners have made in writing in connection with this Agreement.

D. CERTAIN DEFINITIONS.

The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

“Affiliate” – Any person or entity that directly or indirectly owns or controls the referenced party; that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term **“control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

“Affiliated Business” – A SalesStar Business which an Affiliate of ours operates and in which we or our Affiliate owns a controlling interest.

“Approved Supplier” – A supplier that has been reviewed and authorized by us as a SalesStar supplier to our franchisees.

“Coaches” – those certified through the SalesStar Certification process to deliver SalesStar products and services to clients.

“Confidential Information” – Our proprietary and confidential information relating to the development and operation of SalesStar Businesses, including: (1) Operations Manual, Training Program Manual, and other manuals given to you, your Owners and business partners, and your Business Personnel; (2) methods and manner of providing strategic sales consulting with sales training and coaching services; (3) sales, marketing, and advertising programs and techniques for SalesStar Businesses; (4) client names, addresses, data and other personal and financial information received by the Franchised Business in the course of recruiting the client and providing services pursuant to the System, including compilations and lists of such client information even if of otherwise public information if such compilations or lists were the result of substantial effort, time and/or money expended pursuant to the System; (5) identity of suppliers and knowledge of specifications, processes, procedures, and equipment, and pricing of services, products, materials, supplies, and equipment; (6) knowledge of operating results and financial performance of SalesStar Businesses, other than SalesStar Businesses you own; (7) methods of equipment control, storage, handling, training and management relating to

SalesStar Businesses; (8) computer systems and software programs used or useful in SalesStar Businesses; and (9) any and all other information that we provide you that is labeled or considered proprietary or confidential or which would generally be regarded as confidential in the industry.

“SalesStar Services” – Services approved or required by us or our Affiliates to be provided by SalesStar Businesses, including strategic sales consulting with sales training and coaching services and other services approved by us or our Affiliates; provided that we have the right to modify and/or discontinue the use of any such services at any time and include additional or substitute services.

“SalesStar Business”, “Business” or “Franchise” – A business featuring strategic sales consulting with sales training and coaching, or any other business selling SalesStar Services, all as designated by us and developed and operated with our approval and consent, which we, or any of our Affiliates, own, operate or franchise and which uses the Marks, Copyrights and the System.

“Copyrights” – Works of authorship and other categories of work entitled to copyright protection that we license for use in connection with the operation of SalesStar Businesses and for which we or any of our Affiliates claim copyright protection.

“Franchised Business” – A SalesStar Business which is owned, controlled and operated by any person, persons, entity or entities other than us or our Affiliates pursuant to a SalesStar franchise agreement duly executed by us and them.

“Initial Training” – the training required before franchisee can operate the Franchised Business and would include the following: (i) Strategy, Core Values & Organizational Structure Session; (ii) Technology & Operations Manual Session; (iii) Lead Generation & Prospecting Session (including academic sign off making a prospecting call); and (iv) Product Knowledge Session.

“Investor” – Each person or entity, other than the Operating Partner, that has a direct or indirect legal or beneficial ownership interest amounting to less than 10% of all ownership interests in you, if you are an entity. An Investor is not an Owner where such term is capitalized in this Agreement.

“Marks” – The trademarks, trade names, service marks, logos and other commercial symbols which we authorize you to use to identify SalesStar Services and/or services offered by SalesStar Businesses, including the trademarks and service marks SalesStar and the Trade Dress and the goodwill associated therewith; provided that we have the right to modify and/or discontinue the use of these trademarks, trade names, service marks, logos and other commercial symbols and the Trade Dress, and establish, in the future, additional or substitute trademarks, trade names, service marks, logos, commercial symbols or Trade Dress, all of which modifications, additions and substitutions shall immediately upon their use be deemed included within this definition.

“Operating Partner” – The individual designated in Schedule 2 hereto and any replacement thereof approved by us.

“Operations Manual” – All information for the development, establishment and operation of a SalesStar Business which contains any mandatory or suggested standards, specifications or operating procedures, whether this information is communicated in writing and/or electronically (such as in bulletins, updates, guidelines, newsletters, emails, videotapes, audio tapes, presentations, limited access intranet sites, portable storage media, and alternative or supplemental means of communicating information by other media), all as supplemented and amended occasionally, including information with respect to training, management, quality assurance, health, safety, recruitment, security, site selection, site approval processes, standards,

customer services, owner’s manuals, training manuals and other materials, Approved Vendors, and operating system manuals.

“Operating Standards” - All mandatory methodology, processes, specifications, standards, and operating procedures, whether contained in the SalesStar Operations Manual or any other written communication, regarding the operation of all SalesStar Franchises, and any changes or updates that we may require from time to time.

“Owner” – Each of your Operating Partner and each entity or person owning directly or beneficially 10% or more of the ownership interests in you. If any Owner within the scope of this definition is itself an entity (including an Owner that is an Owner because of this sentence), the term **“Owner”** also includes Owners (as defined in the preceding sentence) in such entity. It is the intent of this definition to **“trace back”** and include within the definition of Owner all natural persons owning the requisite interests to qualify as Owners.

“Patents” – The current and future patents and patent applications, if any, that cover business methods, processes, products, structures, equipment, and designs that we license for use in connection with the operation of SalesStar Businesses.

“Personnel” – All persons employed or contracted by you in connection with the development, management, or operation of your Business, including Coaches for your SalesStar Businesses.

“Reporting Period” – A one-month period from 12:00 a.m., EST on the first day of the month to 11:59 p.m., EST on the last day of the month.

“Restricted Person” – You; each of your Owners; and the spouses, natural and adopted children, and siblings of any of you and your Owners.

“SMS System” – The service management software system required to be used for the Business. We reserve the right to change the required SMS System from time to time.

“System Standards,” “System” or “SalesStar System” – The business formats, signs, equipment, methods, procedures, designs, layouts, specifications, and arrangements for developing and operating SalesStar Businesses, which include, without limitation: the Marks, Trade Dress, building design and layouts, equipment, methods of providing SalesStar Services, training and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify.

“Trade Dress” – The designs, color schemes, décor and images which we authorize you to use in the development and operation of SalesStar Business, which we or our Affiliates have the right to revise and further develop at any time.

“Your Business” – The SalesStar Business operated by you under this Franchise Agreement.

2. GRANT OF RIGHTS.

A. GRANT OF FRANCHISE.

You have applied for the right to own and operate a SalesStar Business (the **“Business”**) and to establish a business location at the following address: [_____] (the **“Premises”**). Subject to the terms and conditions of this Agreement, we grant you a non-exclusive right to operate your Business from the Premises and to use the Marks and Copyrights in the operation of your Business in accordance with the System Standards (the **“Franchise”**).

The rights granted to you under this Agreement cannot be assigned. There are no geographic limitations on where you can operate your Business, however, you are limited to contracting with and/or employing up to ten (10) Coaches in your Business.

B. INITIAL TERM.

The initial term of this Agreement will be five (5) years, unless earlier terminated pursuant to the terms of this Agreement, commencing on the date of this Agreement (the “*Initial Term*”). This Agreement may be renewed as provided in Section 2.C below. This Agreement may be terminated before expiration of its term if this Agreement is otherwise terminated in accordance with Section 14 below. References in this Agreement to the “*Term*” of this Agreement mean the Initial Term.

C. RENEWAL.

If you are not in default at the time of exercise of a renewal option and at the time the Initial Term expires, you shall have the right, subject to the conditions contained in this Section, to renew this Agreement for your Business on the terms and conditions of our then-current form of the Franchise Agreement, for an additional 5-year term, if upon expiration of the Term:

- (i) You give us written notice of your desire to renew your Agreement not less than six (6) months nor more than twelve (12) months before the expiration of the Initial Term;
- (ii) You sign our then-current form of Franchise Agreement, which may include different Royalty Fees and marketing fees, other fees and charges, and changes in performance criteria and other terms and conditions and such other documentation as we reasonably require;
- (iii) At our request, you purchase any updated computers, hardware, software or subscriptions for your Business at the commencement of the renewal term to meet our then-current System Standards, including designs and service systems and trade dress;
- (iv) You have complied with all of the material terms and conditions of this Agreement or any other agreement between you and us during the initial term, and you and your Owners have been in substantial compliance with this Agreement throughout the Term;
- (v) All monetary obligations owed by you to us, our Affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise, have been satisfied before renewal, and have been paid in a timely manner throughout the Term;
- (vi) You pay a renewal fee equal to the greater of the then-current initial franchise fee being charged by us, less the amount you paid to us as an initial fee when you purchased your franchise or \$7,500; or such other amount which we may reasonably require in light of the circumstances at the time of renewal such as changes in the industry.

We will give you notice, not later than 60 days after receipt of your election to renew, of our decision whether or not you have the right to renew this Agreement pursuant to this Section.

Failure by you and your Owners to sign the agreements called for in subparagraph (ii) above within 30 days after delivery to you shall be deemed an election by you not to renew the franchise for your Business.

D. OUR RESERVATION OF RIGHTS.

Except as otherwise expressly provided in this Agreement, we and all of our Affiliates (and our respective successors and assigns, by purchase, merger, consolidation, or otherwise) retain all of our rights and discretion with respect to the Marks, the Copyrights, the System, and SalesStar Businesses anywhere in the world, and the right to engage in any business whatsoever, including the right to: (1) operate, and grant to others the right to operate, SalesStar Businesses at locations and on terms and conditions as we deem appropriate (which Businesses you acknowledge may be in direct competition with your Business), without regard to any adverse effects of these activities on your Business and without any obligation or liability to you; (2) sell any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, through other channels of distribution; and (3) operate, and grant to others the right to operate, sales training or sales coaching services (including other non-SalesStar Businesses) identified by trade names, trademarks, service marks or trade dress, other than the Marks, pursuant to these terms and conditions as we deem appropriate. You acknowledge and agree that your rights hereunder shall be non-exclusive. You waive, to the fullest extent permitted under law, all claims, demands or causes of action arising from or related to any of the foregoing activities by us or any of our Affiliates.

3. DEVELOPMENT AND OPENING OF YOUR BUSINESS.

A. LEGAL REQUIREMENTS AND OPENING.

You must set up your Business and pay for all expenses associated with it and for compliance with the requirements of any applicable federal, state, or local law, code or regulation, including, but not limited to, all necessary business licenses, required registrations and tax filings, as applicable. You must complete the Initial Training and be open for business within 30 days of the signing of this Franchise Agreement.

B. SMS SYSTEM.

In operating your Business, you must pay for and use the required SMS System to manage scheduling appointments, coaches, invoicing clients, and payment collection. We may require that you purchase other SMS systems or other software or hardware that you use to collect and generate revenue data, category totals, client count totals and other information we periodically may reasonably require. You must record all revenue on our required SMS System. You must purchase or lease, at your expense, SMS System computer hardware and software systems and install a dedicated broadband Internet connection for cloud-base service support and polling services, modems, printers, routers, network cards, and other computer-related accessories and peripherals as may be required for a standard interface, for the purpose of, among other functions, the recording and transmission of financial and customer data to centralized data collection systems. We may require you to use proprietary software and other computer systems which we periodically may prescribe, and you must promptly sign agreements and/or pay fees as may be required to integrate enterprise tools and procedures.

You acknowledge and understand that we may transfer data and information from your Business's SMS System and other systems via remote-access, the cloud, the Franchise Website, or other types of electronic data transfer ("**Poll**"). You acknowledge that we have the right to Poll at any time, at our sole discretion, and you must set up your SMS Systems to maintain and facilitate this Polling. You acknowledge and agree that we have the right to review your sales and revenue numbers on a daily basis or as frequently as we deem appropriate.

To ensure operational efficiency and optimum communication capability among SMS Systems and computer systems installed at SalesStar Businesses, you agree, at your expense, to keep your SMS System and computer systems in good maintenance and repair, and to promptly install the upgrades, additions, changes, modifications, substitutions, subscriptions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities, as we direct.

You must upgrade or replace financial and inventory data processing and communications systems, including the SMS System and back-office computer system, to conform with current security requirements and system upgrades, whenever we require it. You are responsible for the security of data located on and transmitted from your internal network. You are responsible to configure your network and all connected systems to ensure data security, as further detailed in the Operations Manual and/or our policies. You acknowledge that we have no obligation to assist you in obtaining hardware, software, or related services. There are no contractual limits on the frequency or cost of your obligation to obtain these upgrades.

You recognize and acknowledge that we have the right to require you to modify or discontinue use of the SMS System or any of its functions if we determine that it becomes advisable at any time. In this case, you must comply with our directions to modify or discontinue the use of the SMS System or any of its functions or use a new SMS System or specific SMS System function within a reasonable time after notice from us. You acknowledge that you must bear all costs and expenses applicable to your SalesStar Business should we decide to modify the SMS System or adopt a new SMS System. Additionally, you must bear all costs and expenses related to any on-going SMS System functions or modules, service, maintenance or support fees. We will have no liability or obligation whatsoever with respect to any required modification or discontinuance of the SMS System or the installation, training, and use of a new SMS System. Also, we are not obligated to reimburse you for any loss of goodwill associated with any modification or discontinuance of the SMS System or the installation and use of a new SMS System or for any expenditure made by you to train your Business staff on the new SMS System.

You must purchase, install and begin using any newly required SMS System, computer hardware, software, cloud subscriptions or other required items in your Business within 30 days of our notice to you. We have the right to require you, at your sole expense, to upgrade any required computer hardware and software, once established, to meet our then-current standards and specifications.

4. TRAINING AND GUIDANCE.

A. TRAINING.

Upon signing your Franchise Agreement, you, your Operating Partner(s), and any of your designated Personnel must successfully complete the appropriate certified training programs and obtain all required certifications within 6 months of the signing of this Franchise Agreement (the “**Certification**”). The Initial Training part of the Certification, must, however, be completed within 30 days of the signing of the Franchise Agreement and before the Franchised Business can operate. Thereafter, any person who replaces your Operating Partner or any other trained Personnel must successfully complete the Initial Training before assuming the particular position and then the full Certification within 60 days of assuming the position. We may require you or your Operating Partner and other Personnel to attend and successfully complete periodic or additional training programs.

We provide the Initial Training for you and your Operating Partner(s) and other designated personnel as part of the initial franchise fee, described below. In addition, you and your Operating Partner(s) and any designated personnel must attend our New Franchise Intensive held at our global headquarters in New Zealand or any other location that we specify (the “**New Franchise Intensive**”). The New Franchise Intensive will take place within 6 months of the opening of your Business.

Currently, we are not charging a fee for attendance at any training programs. However, we reserve the right to charge a tuition or training fee for each additional Operating Partner, Owner, or other personnel that attends any training programs in the future. You are, however, responsible for paying for all travel, lodging, meal expenses, compensation (if applicable) and other incidental costs for all individuals that attend any of our trainings. We are not responsible for any compensation or expenses for you and your trainees during any training programs.

You and your Operating Partner(s) must successfully complete and obtain certain SalesStar certifications at the end of the Initial Training. If you or your Operating Partner(s) do not pass the Initial Training and obtain the required certifications then we reserve the right to prevent you from opening your Business until such time as at least you or your Operating Partner obtain these certifications. Operating the Business without at least one certified Partner is a material breach of this Franchise Agreement. No individual who has not obtained the necessary certifications will be allowed to participate in the Business in any way. You must immediately replace any individual who fails to successfully complete any training program. Such replacement Personnel must successfully complete the training program.

We may periodically require or permit you to implement, at your expense, programs for the training of all or some of your Personnel. Before training any of your Personnel, your training programs must be approved by us as meeting our standards. You must periodically obtain re-certification of your training programs; and we may withhold certification if we determine, in our sole discretion, that your training programs do not meet our standards.

B. REFRESHER TRAINING AND CONFERENCES.

We have the right to require you, your Operating Partner(s), and/or previously trained and experienced personnel to attend periodic refresher courses at the times and locations that we designate. We have the right to charge fees for refresher training courses. We also may, but are not required to, make additional training available to you at your request, and may charge a fee for additional training. You are responsible for all compensation and expenses (including training materials, travel, meals, incidental expenses, and lodging) for you and your trainees during these refresher training programs.

You and your Operating Partner(s) must attend any annual global conferences that we may have. Currently, we have two such conference per year that are held in New Zealand (“**Annual Conferences**”), We are also considering holding one of these in the United States or as we may otherwise designate. The charge for the Annual Conferences are included in the Centralized Services Fee, but you are responsible for all expenses in connection with travel, lodging and meals, as well as, any salary or other compensation of your personnel that may attend.

C. CENTRALIZED SUPPORT.

As part of the Initial Training and on-boarding, we make available to you, in our discretion, a pool of experienced individuals, who are fully certified in SalesStar business development (“**Business Development Specialist(s)**”) to assist you to in acquiring clients. The Business Development Specialists will provide business development assistance, including, leading discovery, preparing and presenting proposals and closing of new client engagements. If you chose to utilize the services of a Business Development Specialist, by a separate written agreement between you and the Business Development Specialist, that person will be paid a commission at the then-current rate for such services, currently at up to 20% of gross revenue of the respective client invoice.

Additionally, we also make available to you, in our discretion, a pool of experienced individuals, who are fully certified in the SalesStar proprietary coaching method (“**Centralized Coaches**”) to assist you to in delivering coaching services as mutually agreed. The Centralized Coaches will provide coaching assistance, including conducting coaching sessions, workshops and other meetings. If you chose to utilize the services of one or more Centralized Coaches, you will need to enter into a separate written agreement between you and the respective coach, for their compensation. Currently, such coaches are paid up to 25% of gross revenue of the respective client invoice.

D. GUIDANCE.

In addition to the services of specific individuals, we also provide centralized support and guidance to you, including, services for client onboarding, recruitment assistance, on-going mentoring and advice, conferences and webinars, as well as, quality control assistance. We may advise you periodically of operating problems of your Business disclosed by reports submitted to or inspections made by us and may furnish to you guidance in connection with methods and procedures used by SalesStar Businesses, including improvements and changes to the System Standards. This guidance shall, in our discretion, be furnished via our Operations Manual, electronic mail, SalesStar Intranet site, www.salesstar.com, bulletins, webinars, other written materials, telephone consultations and/or in-person consultations or by any other means of communications. Such additional guidance, training, or support will be provided pursuant to our Centralized Services Fee described below.

E. OPERATIONS MANUAL.

We will, during the term of this Agreement, provide you with access to our Business operations manual that would also include any additional manuals that we may add in the future (collectively, the “**Operations Manual**” or “**Manual**”). We have the right, at our option, to furnish or make available to you the Operations Manual in the form of paper copies, electronic copies, or electronic copies accessed through the Internet or other communication systems. The Operations Manual contains mandatory and suggested specifications, standards and operating procedures for SalesStar Businesses, and contains information relating to your other obligations under this Agreement. You must comply fully with all mandatory standards, specifications, and operating procedures and other obligations contained in the Operations Manual. Failure to materially comply with the Operations Manual is a material breach of this Agreement.

We have the right to modify the Operations Manual in the future to reflect changes in the image, specifications, standards, procedures, and System Standards. As we provide updates to the Operations Manual, it is your responsibility to maintain access to the most recent and up-to-date versions of the Manual. If a dispute develops relating to the contents of the Operations Manual, our master Operations

Manual will be controlling. The Operations Manual contains Confidential Information, and you agree not to copy at any time any part of the Operations Manual, either physically or electronically, provided that you may print out one current copy of any Operations Manual that we provide in electronic format and keep it at the premises of your Business, if applicable. You agree not to allow unauthorized persons access to the SalesStar intranet sites, including the Franchise Website.

A. HIRING AND TRAINING BY FRANCHISEE.

You are responsible for all hiring decisions with respect to your personnel, including hiring, firing, compensation, training, supervision and discipline, regardless of whether you receive advice from us on any of these subjects. You are also solely responsible for all decisions regarding the use of independent contractors and it is your responsibility to understand and comply with all local state laws regarding such independent contractors, including, but not limited to, any laws or regulations regarding their classification as independent contractors.

You may not recruit or hire any person who is an employee of ours or of any SalesStar Business operated by us, our Affiliates or another franchisee of ours without obtaining the respective employer's consent, which consent may be withheld for any reason. Likewise, we may not recruit or hire any person who is an employee of yours or your Affiliates without obtaining the employer's consent, which consent may be withheld for any reason. You must maintain at all times a staff of employees or independent contractors, who have been trained pursuant to our guidelines and requirements, sufficient to operate your Business in compliance with the System Standards.

5. THE MARKS.

A. OWNERSHIP AND GOODWILL OF THE MARKS, COPYRIGHTS AND TRADE SECRETS.

You acknowledge (i) that the Company and/or its Affiliates ("*Licensor*") are owners of certain rights to the Marks and to the Copyrights, and (ii) that your right to use the Marks and the Copyrights is derived solely from this Agreement and is limited to the conduct of business by you pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by the Company periodically during the term of the Franchise. Any unauthorized use of the Marks or Copyrights by you shall constitute a breach of this Agreement and an infringement of the rights of the Company and/or Licensor in and to the Marks and/or Copyrights. You acknowledge and agree that all usage of the Marks and Copyrights by you and any goodwill established by it shall inure to the exclusive benefit of the Company and/or Licensor and that this Agreement does not confer any goodwill or other interests in the Marks or Copyrights upon you (except the right to operate a SalesStar Business in compliance with this Agreement). All provisions of this Agreement applicable to the Marks and Copyrights shall apply to any additional proprietary trade and service marks and commercial symbols authorized for use by and licensed to you by the Company. You acknowledge that as of the date of this Agreement, some or all of the Marks and Copyrights may not have been registered with any state or federal agency. You may not at any time during or after the Term contest, or assist any other person or entity in contesting, the validity or ownership of any of the Marks or Copyrights.

You hereby acknowledge that Franchisor or one or more of Franchisor's Affiliates owns and controls the distinctive plan and trade secrets for establishing, operating, and promoting SalesStar Businesses and all related licensed methods of doing business which include, but are not limited to, strategic sales consulting with sales training and coaching methods; technical Business standards;

strategic frameworks, live and virtual public speaking materials; recruitment guidelines; customer relations; client lists and client information; marketing techniques; written promotional materials, Operations Manual, and training program contents; advertising; financial reports; and accounting systems (the “*Trade Secrets*”). The Trade Secrets may belong to Franchisor’s Affiliates and may have been licensed to Franchisor, and you acknowledge that Franchisor and its Affiliates have valuable rights in and to the Trade Secrets. You further acknowledge that all innovations, additions, or improvements made to the Marks, Copyrights, Trade Secrets or System Standards, even if by you, shall, at all times, belong to Franchisor and its Affiliates.

B. LIMITATIONS ON FRANCHISEE’S USE OF THE MARKS.

You must use the Marks as the sole identification of your Business, provided that you are identified as the independent owner in the manner prescribed by us. You must use only the Marks as we prescribe in connection with your Business and the sale of authorized services. You shall ensure that all Copyrights used hereunder shall bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws prescribed by us. Any unauthorized use, adaptation, publication, reproduction, preparation of derivative works, distribution of copies (whether by sale or other transfer or ownership, or by rental, lease or lending), or attempts to recreate all or a portion of these Copyrights shall constitute a breach of this Agreement and an infringement of the rights of the Company and/or Licensor in and to the Marks and to the Copyrights. You shall not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or trade name or any Internet-related use such as an electronic media identifier, for social media pages, social handles, websites, web pages or domain names not expressly authorized by us in writing, or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you under this Agreement), or in any modified form or in any other manner; nor may you use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by the Company. You must prominently display the Marks in the manner prescribed by the Company, to give such notices of trade and service mark registrations as the Company specifies, and to obtain such fictitious- or assumed-name registrations as may be required under applicable law. In addition to all other rights we may have for unauthorized use of the Marks or the sale of unauthorized products or services, you must reimburse us for any damages, liability or expenses incurred by us arising out of your sale of any unauthorized product or service or for any damages, liability or expenses incurred by us arising out of your use of the Marks in an unauthorized manner. If any of the fees payable pursuant to Section 6 below are for the right to use the System Standards, such fees are all-inclusive and are not allocated among any of the various rights, including the Marks or Copyrights or any components of the Marks or Copyrights that comprise the System Standards.

You and your Owners acknowledge that we are the lawful, rightful, and sole owner of www.salesstar.com domain name and unconditionally disclaim any ownership interest in that phrase or any similar Internet domain name. You and your Owners agree not to register any Internet domain name or handle in any class or category that contains the words “SalesStar” or any abbreviation, acronym, or variation of those words.

You and your Owners agree to use the SalesStar Franchise Website and social media websites in strict compliance with the standards, protocols and restrictions set forth in the Operations Manual, as updated from time to time. You and your Owners agree to implement all reasonable procedures we periodically prescribe to prevent unauthorized use and strict compliance with the standards, protocols and restrictions set forth in the Operations Manual regarding the use of the Franchise Website among your Operating Partner(s), vendors, and personnel.

You and your Owners recognize and understand the crucial importance of transmitting any Confidential Information in strict compliance with our IT Policy in the Operations Manual . You and your Owners recognize and understand the crucial importance of a user's refraining from making derogatory, defamatory, or libelous statements in an intranet or Internet transmission.

C. NOTIFICATION OF INFRINGEMENT AND CLAIMS.

You shall immediately notify the Company of any apparent infringement of or challenge to your use of any Mark or Copyright, or claim by any person of any rights in any Mark or Copyright, and you shall not communicate with any person other than the Company and its counsel in connection with any such infringement, challenge or claim. The Company and/or Licensor shall have sole discretion to take action as it or they may deem appropriate and shall have the right to exclusively control any litigation or U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark or Copyright. You must sign any and all instruments and documents, render assistance and do such acts and things as may, in the opinion of the Company's or Licensor's counsel, be necessary or advisable to protect and maintain the interests of the Company and Licensor in any litigation or proceeding or to otherwise protect and maintain the interests of the Company and Licensor in the Marks.

D. INDEMNIFICATION OF FRANCHISEE.

The Company agrees to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of its use of any Mark or Copyright, pursuant to and in compliance with this Agreement and for all costs reasonably incurred by you in the defense of any claim or in any proceeding in which you are named as a party, provided that you have timely notified the Company of any such claim or proceeding and have otherwise complied with this Agreement. The Company is entitled to prosecute, defend and/or settle any proceeding arising out of your use of any Mark or Copyright pursuant to this Agreement, and if the Company undertakes to prosecute, defend and/or settle any matter, we have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel retained by you.

E. DISCONTINUANCE OF USE OF THE MARKS.

If it becomes advisable at any time in the Company's sole discretion for the Company and/or Franchisee to modify or discontinue use of any Mark and/or use one or more additional or substitute elements of the Mark due to priority of use by another party of the same or a confusingly similar mark, and/or use one or more additional or substitute trade or service marks, you must comply within 14 days after notice by the Company of its modification or discontinuance of any Mark. Neither the Company, Licensor nor any of their Affiliates shall have any liability or obligation whatsoever with respect to any required modification or discontinuance of use of any of the Marks or the promotion or use of a substitute Mark, except as otherwise provided in this Section.

6. FRANCHISE FEES.

A. INITIAL FRANCHISE FEE.

You shall pay to the Company a nonrecurring and nonrefundable initial franchise fee of **\$125,000**, payable when you sign this Franchise Agreement. The initial franchise fee is fully earned by the Company as of the date hereof.

B. ROYALTY FEE.

During the entire term of this Agreement, you shall pay to the Company a continuing fee equal to a percentage of the monthly Gross Revenue of your Business (the “*Royalty Fee*”) as described in this paragraph. You shall pay to the Company a Royalty Fee of 10% of monthly Gross Revenue. Payment shall be made by ACH withdrawal on the first Tuesday of every month, or as otherwise designated by us, but not more frequently than weekly (or on such other reasonable date that we shall periodically designate). Any payment or report not actually received by us on or before such date shall be deemed overdue. If any state imposes a sales or use tax on continuing royalties, then you must pay for or reimburse us for these taxes imposed on the Royalty Fee due to us under this Agreement.

As set forth in this Agreement, you acknowledge that we have the right to Poll information from your Business’s SMS System and other systems via remote access, e-mail, web or cloud-based programs and protocols, the Franchise Website, or other types of electronic data transfer to determine your Business’s Royalty Fee for any Reporting Period. We have the right to access your Business’s SMS System at any time to Poll your Business’s Gross Revenue and other financial information, at our sole discretion, and you must set up your systems to maintain and facilitate such Polling.

C. CENTRALIZED SERVICES FEE.

During the term of this Agreement, you shall pay the Company a continuing fee equal to 5% of the monthly Gross Revenue of your Business for augmented services provided to you for client onboarding, customer success, conferences, access to Centralized Coaches and Business Development Specialists, recruitment assistance, advanced training, mentoring and quality control and other services as we may designate in the future.

D. INTEREST AND LATE FEES.

If any payment is overdue, you shall pay to us, in addition to the overdue amount, interest on such amount from the date it was due until paid, at a rate which is stated below, or the maximum rate permitted by law. Entitlement to such interest shall be in addition to any other remedies we may have. Your failure to have sufficient funds available in the designated account in an amount equal to any amount then due or your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 14 and 15 below, notwithstanding the provisions of this Section 6.D. To compensate us for our increased administrative costs of handling late payments, we shall have the right to charge a fee of \$100 for each delinquent payment to us, due immediately upon becoming delinquent. All Royalty Fees and advertising contributions, and all other amounts which you owe to us shall also bear interest after coming due at the highest applicable legal rate for open-account business credit, but not to exceed 1.5% per month. You acknowledge that this Section 6.D shall not constitute our agreement to accept any payments after same are due or commitment by the Company to extend credit to, or otherwise finance your operation of, your Business. You shall also pay a \$25.00 late fee for each delinquent report, due when the report becomes delinquent, and shall incur an additional \$25.00 late fee for each day that the report continues to be delinquent. We may require you to pay any and all late fees by way of automatic withdrawal (ACH) from an account designated by you.

E. PAYMENTS AND APPLICATION.

The Company has the right to direct the method of payment of any amounts due to us or our Affiliates from you under this Agreement, including Royalty Fees due, through payment by automatic

withdrawal (ACH) or wire transfer from an account designated by you. All costs and expenses of establishing and maintaining such designated account, including transaction fees and wire transfer fees, shall be paid by you. You must complete any form necessary to authorize and direct your bank or financial institution to pay and deposit any payments due to the Company directly to the Company's account. The Company's current form of ACH authorization is attached as Schedule 5. If payments are made by automatic withdrawal, you must retain sufficient funds in its account to cover all these withdrawals. If sufficient funds are not available in the designated bank account at the time of an electronic transfer to pay fees that are due to us or our Affiliates, we have the right to charge a service fee, subject to applicable law. Also, as stated in Section 6.D above, you acknowledge that your failure to have sufficient funds available in the designated account in an amount equal to any amount then due or your failure to pay all amounts when due, constitutes grounds for termination of this Agreement, as provided in Sections 14 and 15 below, notwithstanding the provisions in Section 6.D above. You agree that you will not withhold payment of any amount due and payable to us on the grounds that we have not performed any of our obligations under this Agreement. Additionally and notwithstanding any designation by you, the Company shall have the sole discretion to apply any payments by you to any past-due Royalty Fees, advertising contributions, purchases from company, interest or other indebtedness.

7. YOUR ORGANIZATION AND MANAGEMENT.

A. ORGANIZATIONAL DOCUMENTS.

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you and each of your Owners represent, warrant, and covenant that: (1) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, you are duly qualified to transact business in the state in which your Business is located; (2) you have the authority to sign and deliver this Agreement and to perform your obligations hereunder; (3) true and complete copies of the articles or certificate of incorporation, articles of organization, operating agreement or principles, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control (collectively, the "***Organizational Documents***") shall be promptly delivered to us for our approval, which approval shall not be unreasonably withheld; (4) any and all amendments, deletions and additions to your Organizational Documents shall be promptly delivered to us for our approval, which approval shall not be unreasonably withheld; (5) your activities are restricted to those necessary solely for the development, ownership and operation of SalesStar Business in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates; (6) the Organizational Documents state that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement; (7) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to these restrictions; and (8) you will deliver to us a secretary's/clerk's certificate or other evidence satisfactory to us, that the signing, delivery and performance of this Agreement and all other agreements and ancillary documents contemplated hereby or thereby have been duly authorized by all necessary action by your corporation, partnership, limited liability company or other legal entity, as applicable.

B. DISCLOSURE OF OWNERSHIP.

If you are an entity (a corporation, general partnership, joint venture, limited partnership, limited liability partnership, limited liability company, trust, estate or other business entity), then you must complete the Ownership Addendum attached hereto as Schedule 2 which identifies each of your Owners and Investors, and each of your Owners must sign our then-current form of personal guaranty (the “*Guaranty*”).

You and each of your Owners represent, warrant and agree that Schedule 2 is current, complete and accurate. You agree that an updated Schedule 2 will be furnished within 30 days of any change, so that Schedule 2 (as so revised and signed by you) is at all times current, complete and accurate. Each person who is or becomes an Owner must sign a Guaranty in the form we may choose to prescribe, undertaking to be jointly and severally bound by the terms of this Agreement, the current form of which is attached hereto as Schedule 3. Each person who is or becomes an Investor must sign an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in this Agreement, the current form of which is attached hereto as Schedule 4. Each Owner and Investor must be an individual acting in his or her individual capacity, unless we waive this requirement.

You must designate in Schedule 2 an individual (your “*Operating Partner*”) approved by us who must: (1) be engaged full-time in the operation of your SalesStar Business; (2) have the authority to bind you regarding all operational decisions with respect to your SalesStar Business(s); and (3) have completed our training to our satisfaction.

Your Operating Partner: (1) shall exert his/her full-time and best efforts to the development and operation of your Business and all other SalesStar Businesses you own; and (2) may not engage in any other business activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder.

If your Operating Partner is someone other than you, you must provide us with a copy of any proposed arrangement, agreement or contract, including any amendments thereto, with your Operating Partner for our prior review and approval, and upon approval thereof, signed copies thereof. Such agreement must include a provision that if the Operating Partner is terminated, for whatever reason, he/she shall not for a period of one year after such termination (or such lesser period as may be prescribed by applicable law), recruit or hire any person who is an employee of yours, ours, or any SalesStar Business operated by us, our Affiliates, or any franchisee of ours without obtaining the employer’s consent, which consent may be withheld for any reason. We shall have no responsibility, liability or obligation to any party to any arrangement, agreement or contract, or any amendments, on account of our approval thereof or otherwise, and you must indemnify and hold us harmless with respect thereto. Your Business at all times must be managed by your Operating Partner. Your Operating Partner must complete our training programs to our satisfaction, as more fully set forth in Section 4.A above.

If the relationship with your Operating Partner terminates, you must have in place a qualified replacement Operating Partner within 90 days from the termination date of the former Operating Partner. Failure to notify us of your Operating Partner’s termination or failure to hire or select a successor Operating Partner who satisfies the requirements provided for in this Section will be considered a material breach of this Agreement.

8. SALESSTAR OPERATING STANDARDS.

A. SERVICES PROVIDED

The sales coaching, training, assessment, consulting and general advisory services we provide are unique in this industry and are provided using proprietary methods and materials that are all integral components of the SalesStar Business and are inextricably interrelated with the Marks, Copyrights, and the System. You must, therefore, comply with all mandatory methodology, processes, specifications, standards, and operating procedures, whether contained in the SalesStar Operations Manual or any other written communication, regarding the operation of all SalesStar Franchises, and any changes or updates that we may require from time to time (“**Operating Standards**”).

Maintenance of your SalesStar Franchise according to our Operating Standards is vital to our reputation and brand quality. If, at any time, you fail to maintain your SalesStar Franchise according to the Operating Standards, we have the right to do so on your behalf and at your expense. You must immediately reimburse us for our costs and the cost of such maintenance of the franchise.

Additionally, in order to maintain the standards of our unique and high-quality services, you are required to purchase certain materials, equipment, and cloud based services, from vendors, whom we designate (“**Designated Vendors**”) or approve (“**Approved Vendors**”). If you desire to procure authorized materials, equipment and services from a vendor other than the Designated or Approved Vendors, you shall deliver written notice to us of your desire to seek approval of the vendor. We will use our good faith efforts to notify you in writing of our decision within 30 days after our receipt of the proposed alternative vendor and other requested information. However, if we have not notified you in writing within such 30-day time period, the proposed vendor will be deemed disapproved by us. We may revoke our approval upon the alternate vendor’s failure to continue to meet any of our criteria. You or the proposed vendor shall pay to us in advance all of our reasonably anticipated costs in reviewing the application of the alternate approved vendor.

B. CLIENT INFORMATION AND DATA PRIVACY

The protection and confidentiality of SalesStar’s client information and data is of the utmost importance to us and you are required to strictly abide by SalesStar’s Client confidentiality and privacy policy as set forth in the Operations Manual and as regularly updated.

C. COMPUTER HARDWARE AND SOFTWARE

You must use a standard system-management software (“**SMS**”) and all SMS modules approved by us and used by us and other franchisees to ensure System Standards. We will appoint the supplier that meets our standards and specifications, and you must enter into the necessary contracts to procure and operate such SMS system. We can change our approved supplier at any time. We will have full and independent access to any and all data generated from this SMS system.

At this time, you must record all sales via the approved financial records system.

You must purchase or pay the per User Fee charged by the Franchisor, for the prescribed SMS including the appropriate software as per the Operations Manual. The SMS User Fee will be on charged monthly, depending on the role of the user, and range from \$100 to \$500, currently fixed at a maximum of \$400 per user/per month.

D. WEBSITE

You may not promote, offer, or sell any products or services relating to your Franchise, or use any of the Marks, through the Internet without our consent. You must acknowledge that SalesStar is the lawful, rightful, and sole owner of www.salesstar.com domain name and unconditionally disclaim any ownership interest in any similar phrase or any similar Internet domain name. You and your Owners agree not to register any Internet domain name in any class or category that contains the words SalesStar or any abbreviation, acronym, combination, derivative, or variation of those words that would cause a likelihood of confusion with the SalesStar brand.

You will use the SalesStar franchise website (the “*Franchise Website*”) in strict compliance with the standards, protocols and restrictions we include in the Operations Manual. You must implement all reasonable procedures we prescribe periodically to prevent unauthorized use and strict compliance with the standards, protocols and restrictions we include in the Operations Manual regarding the use of the Franchise Website among your Franchise’s Operating Partners, general managers, assistant managers, and the like. You are to notify SalesStar when any partner or employee ceases to be affiliated or employed with your Franchise so we can remove their access to the Franchise Website.

E. STANDARDIZED ACCOUNTING PROCESS AND REPORTING REQUIREMENT

You must establish and maintain bookkeeping, accounting, record-keeping and data-processing systems conforming to the requirements and formats that we prescribe, including, without limitation, a common chart of accounts and methodology, submission process and timeline, and you must use the operational data control system approved by SalesStar as further detailed in the Operations Manual. You must furnish us with periodic reports as prescribed by the Operations Manual, which include and are not limited to, monthly gross revenue reports and monthly profit and loss statements. You must provide such periodic reports in a timely manner as noted in the Franchise Agreement. All financial reports must be prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America.

F. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You shall secure and maintain in force all required licenses, permits and certificates relating to the operation of your Business and shall operate your Business in full compliance with all applicable laws, ordinances and regulations including all government regulations relating to independent contractors, employment, occupational hazards and health, workers compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You shall, in all dealings with the customers, suppliers, the Company and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You must refrain from any business or advertising practice which may be injurious to the Company and the goodwill associated with the Marks and other SalesStar Businesses. You shall immediately notify the Company in writing of: (1) any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency other governmental instrumentality, which may adversely affect the development, occupancy, operation or financial condition of you or your Business;

or (2) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation, including those relating to health or sanitation at your Business.

G. INSURANCE.

You must maintain in force the following insurance coverages as listed below. All insurance policies must: (1) be issued by carriers with an AM Best rating of A-, X, or better; (2) be written at the minimum amounts of coverage; (3) name Sales Star Franchising USA LLC, as additional insureds under the general liability, products liability and commercial auto policies and (4) Sales Star Franchising USA, LLC must be endorsed to all policies noted above to receive 30 days' notice of cancellation in the event of non-renewal and 10 days' notice in the event of nonpayment of premium.

You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums no later than 10 days before your Franchise opens and within 30 days each year when your policies renew.

SalesStar will recommend a Group Premium Insurance Advisor in the Operations Manual, and recommendations of increased limits as the gross revenue of the Franchise increases.

Listed below are types of minimum coverage amounts that we currently require for each SalesStar Franchise:

1. Commercial General Liability Insurance
 - a. Per Occurrence Limit \$1,000,000
 - b. General Aggregate Limit \$2,000,000
 - c. Personal and Advertising Injury \$1,000,000
 - d. Products / Completed Operations Aggregate \$2,000,000
 - e. Damage to Rented Premises \$300,000**
 - f. Medical Expense Limit \$5,000

2. Commercial Automobile Liability Insurance
 - a. Hired and Non-Owned Auto \$1,000,000

3. Professional Liability (Errors & Omissions) Insurance
 - a. Per Occurrence Limit \$1,000,000

4. Cyber Liability Insurance
 - a. Cyber Liability & Cyber Crime Limit \$1,000,000
 - b. Network Security and Privacy Liability Limit \$1,000,000
 - c. Social Engineering Limit \$250,000

5. Crime Liability Insurance (Employee Dishonesty)
 - a. Crime Liability Limit \$500,000

6. Workers' Compensation Insurance
 - a. Statutory Workers' Compensation
 - b. Employers Liability:

\$500,000 per employee, bodily injury by disease;
\$500,000 policy limit, bodily injury by disease;
\$500,000 per employee, bodily injury by accident

7. Endorsements

- a. Franchisee must name the below entity as additional insured on all General Liability, Auto Liability and Professional Liability Insurance Policies.

**Sales Star Franchising USA, LLC.
13016 Eastfield Road B200 #203
Huntersville, NC 28078**

** Not required if working from home office.

Upon 30 days prior notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

If you, at any time, fail or refuse to maintain in effect any insurance coverage required by the Company, or to furnish satisfactory evidence of it, the Company, at its option and in addition to its other rights and remedies under this Agreement, may, but need not, obtain this insurance coverage on your behalf, and you shall promptly sign any application or other forms or instruments required to obtain any insurance and pay to the Company, on demand, any costs and premiums incurred by the Company. At our request, you must furnish us with evidence of insurance coverage and payment of premiums as we require.

Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain, nor does it relieve you of your obligations under Section 17.B below.

H. QUALITY CONTROL.

We may, in our sole discretion, establish quality control programs, such as an interactive voice response or web-based customer satisfaction measurement. You must participate in any such quality control programs at our discretion and bear your pro-rata share, as determined by us in our sole discretion, of the costs of any such program. We reserve the right to publish or disclose to other franchisees, in any manner or format that we deem appropriate in our sole discretion, any information that we collect, produce or maintain in connection with these quality control programs. We also reserve the right to publish or disclose to third parties in an aggregate anonymous format any information that we collect, produce or maintain in connection with these quality control programs. In addition to the quality control described above, we may inspect your Business from time to time and at any time to evaluate compliance with our System Standards.

I. PROVISIONS CONCERNING COMPLIANCE WITH ANTI-TERRORISM LAWS.

You, your Owners and your Affiliates agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with this compliance, you, your Owners and your Affiliates certify, represent, and warrant that none of your

property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that you, your Owners, and your Affiliates are not otherwise in violation of any of the Anti-Terrorism Laws.

For the purposes of this Section, “*Anti-Terrorism Laws*” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

You, your Owners and your Affiliates certify that none of you, your Owners and your Affiliates, your employees, or anyone associated with you is listed in the Annex to Executive Order 13225. You agree not to hire any individual who is listed in the Annex. (The Annex is available at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>).

You, your Owners, and your Affiliates certify that you have no knowledge or information that, if generally known, would result in you, your Owners and your Affiliates, your employees, or anyone associated with you to be listed in the Annex to Executive Order 13224.

You, your Owners, and your Affiliates are solely responsible for ascertaining what actions must be taken by you to comply with the Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities set forth in Section 17.B of this Agreement pertain to your obligations under this Section 8.I.

Any misrepresentation by you under this Section or any violation of the Anti-Terrorism Laws by you, your Owners and your Affiliates, or your employees shall constitute grounds for immediate termination of this Agreement and any other Agreement you have entered with us or one of our Affiliates, in accordance with the terms of Section 14 of this Agreement.

9. RESTRICTIVE COVENANTS.

A. CONFIDENTIAL INFORMATION.

You acknowledge that we possess certain Confidential Information (as defined in Section 1.D above) including, without limitation, proprietary knowledge consisting of the methods of sales training, sales coaching, and operating procedures of SalesStar Businesses. We may disclose Confidential Information to you, your Owners, or your Personnel in the training program, Operating Manual and/or in guidance furnished to you during the Term of the Agreement. Each person who is or becomes an Investor must sign an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in this Agreement, the current form of which is attached hereto as Schedule 4.

We will disclose parts of our Confidential Information to you solely for your use in the operation of your Business. The Confidential Information is proprietary and includes our Trade Secrets. During the Term and thereafter: (1) you and your Owners may not use the Confidential Information in any other business or capacity (which you and your Owners agree and acknowledge would be an unfair method of competition); (2) you and your Owners must maintain the confidentiality of the Confidential

Information; (3) you and your Owners may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic, or other form; (4) you and your Owners must implement all reasonable procedures we periodically prescribe to prevent unauthorized use or disclosure of the Confidential Information, including the use of non-disclosure/non-solicitation agreements with your Owners, officers, directors, Operating Partners, General Managers, assistant managers, and the like, and you and your Owners must deliver these agreements to us; (5) you and your Owners must not disclose during or after the Term of the franchise any of the Confidential Information; (6) you, your Owners, General Managers, assistant managers, team trainers, and all other Personnel, as well as, any independent contractors that you may use, will be required to sign a standard confidentiality agreement for any trade secrets and Confidential Information herein described and to conform with the covenants not to compete; (7) you and/or your Owners must immediately notify us if there is an improper disclosure and if it is determined that there was negligence in protecting the behavior, you can be sued for damages; and (8) you and your Owners acknowledge that we have no obligation to reimburse you or provide any remuneration for implementing all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of the Confidential Information.

At the end of the Term, you and your Owners must deliver to us all Confidential Information in your possession or control. Your restrictions on disclosure and use of Confidential Information do not apply to information or techniques which are or become generally known in the Business industry (other than through your own disclosure), provided you obtain our prior written consent to such disclosure or use. If any of the Confidential Information which has been disclosed to you pursuant to this Agreement becomes generally known in the sales training and sales coaching industry other than through your default in the obligations under this Agreement, and you desire to be released from the secrecy obligations under this Section in respect to this information, we will not unreasonably withhold our consent to this release.

Notwithstanding the foregoing provisions of this Section 9.A, you must comply with all applicable federal, state and local laws, including any restrictions on post-termination non-competition agreements. In the event of a conflict between the terms of this Agreement and any such laws, your obligation to comply with the laws shall supersede this Agreement, but only to the narrowest extent necessary to ensure compliance with such laws. By way of illustration only: If this Agreement calls for a post-termination non-competition agreement to extend for two years after termination but applicable state law only allows such agreements to extend for one year, then an agreement which extends for one year may be deemed to comply with this Agreement; but an agreement that extends for less than one year would not be in compliance with this Agreement.

B. IN-TERM COVENANTS.

You agree and acknowledge that the Company would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among SalesStar Businesses if franchised owners of SalesStar Businesses or the manager or other key personnel of your Business and Entity were permitted to hold interests in or perform services for a Competitive Business (defined below). You also agree that we have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us in any business similar to SalesStar. Therefore, you agree (and agree to cause all Owners if Franchisee is an Entity, and all other Restricted Persons), during the term of this Agreement, not to have any direct or indirect interest in a Competitive Business, or perform services of any type as an owner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any business (including any Business) providing sales training or sales coaching or any franchisor or licensor of the same (each a

“*Competitive Business*”). The restrictions of this Section including the definition of Competitive Business, will not apply to: (1) the ownership of shares of a class of securities listed on a public stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the number of shares of that class of securities issued and outstanding; or (2) the ownership or operation of other SalesStar Businesses that are licensed or franchised by us or any of our Affiliates. Further, you agree during the term of this Agreement that you shall not hire any employee who, within the immediately preceding six months, was employed by the Company or any other franchisee or licensee of us, without obtaining the prior written permission of us or the franchisee or licensee pursuant to Section 4.A of this Agreement.

C. INFORMATION EXCHANGE.

All processes, ideas, concepts, methods, techniques, equipment, or materials or other Confidential Information used or useful to the Business or other businesses offering sales training or sales coaching, whether or not constituting protectable intellectual property, that you create, or that are created on your behalf, in connection with the development or operation of your Business must be promptly disclosed to us. If we adopt any of them as part of the System, they will be deemed to be our sole and exclusive property and deemed to be works made for hire for us. You must sign whatever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in these processes, ideas, concepts, methods, techniques, or materials.

10. MARKETING AND ADVERTISING.

A. FRANCHISE MARKETING FUNDS (FMF).

You must spend for advertising and promoting your Business those amounts we periodically establish, but no less than \$2500 per month. These amounts spent on local advertising and promotion will be designated as Franchise Marketing Funds (“*FMF*”). We highly recommend that you use our Affiliate, SalesStar Digital, for your local advertising, but this is not required.

At our request, you shall furnish us with copies of invoices and other documentation evidencing your compliance with this Section 10.A. If we determine, at some later date, that you have spent an amount less than the minimum of \$2500 per month for locally advertising and promoting your Business, we may collect FMF contributions directly. If we change the amount of FMF you must spend, we shall provide you with not less than 30 days’ notice of such change. FMF contributions, if collected by us, will be payable on the first business day following the immediately preceding Reporting Period together with the Royalty Fees dues hereunder. At our discretion, said funds may be electronically drafted or transferred from the designated account referred to in Section 6.E above. The FMF monies will be used to pay for the cost of implementing local marketing plans developed by you and approved by us. For these purposes, qualifying FMF expenditures include: (i) amounts contributed to advertising associations; (ii) amounts spent by you for advertising media, such as television, radio, Internet, digital, social media, newspaper, print, billboards, posters, direct mail, collateral and promotional items, and advertising on public vehicles (transit and aerial) and, (iii) if not provided by us, the cost of producing approved materials necessary to participate in these media. Non-qualifying FMF advertising expenditures include amounts spent for items which we, in our reasonable judgment, deem inappropriate for meeting the minimum advertising requirement, including permanent on-premises signs lighting, administrative costs, discounts/free offers, and employee incentive programs. Our detailed list of qualifying and non-qualifying FMF expenditures is revised periodically. We reserve the right to designate any expenditure as a qualifying or non-qualifying FMF expenditure and the right to

periodically re-designate at our discretion any qualifying expenditure as a non-qualifying expenditure and *vice versa*.

B. NATIONAL MARKETING FUND (NMF).

We will administer a National Marketing Fund (“NMF”) for the creation and development of creative materials and programs to increase brand awareness, marketing, advertising, and related programs and materials, including digital marketing, social media, print collateral, as well as the planning and purchasing of national and/or regional media (“Marketing”). The NMF also includes marketing for Speaking Engagements, Webinars, social posts, social pages (LinkedIn, Twitter, Instagram and Facebook), centralized content creation for franchise marketing assets, website, lead magnets, sales funnels, SEO, and Branding Integrity. SalesStar has developed significant expertise in digital marketing including the use of LinkedIn organic and paid advertising, and paid Google Ads to generate marketing qualified leads for Franchises. We will use SalesStar Digital as our preferred partner to manage, and execute strategic marketing campaigns on behalf of the SalesStar Group as we deem appropriate. At our discretion, the NMF may also pay for consumer research and the production and deployment of marketing materials. We reserve the right to have our Affiliate or a related entity manage this fund.

You must contribute the greater of 5% of monthly gross revenue or \$1500 per month. The NMF contribution is payable on the first business day following the immediately preceding Reporting Period. . NMF contributions will be electronically drafted or transferred from the designated account referred to in Section 6.E above at the same time as the Royalty payment. SalesStar Businesses owned by us and our Affiliates shall contribute to the NMF on the same basis as franchisees. We reserve the right to increase or modify the NMF contributions in the future by gaining an approval vote by 51% of all then-existing SalesStar Businesses. Voting will be accomplished through a system of one vote per eligible SalesStar Business.

The NMF will be accounted for separately from our other funds. All disbursements from the NMF shall be made first from income and then from contributions. While our intent is to balance the NMF on an annual basis, the NMF may periodically run at either a surplus or deficit. We may spend in any fiscal year an amount greater or less than the aggregate contributions of all SalesStar Businesses to the NMF in that year, and the NMF may borrow from us or other lenders to cover deficits in the NMF or cause the NMF to invest any surplus for future use by the NMF. We will prepare annually a statement of monies collected and costs incurred by the NMF and furnish a copy to you upon your written request. Except as otherwise expressly provided in this Section, we assume no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the NMF. We do not act as trustee or in any other fiduciary capacity with respect to the NMF.

C. ADVERTISING APPROVALS AND INITIAL ADVERTISING COSTS.

You acknowledge that all advertising and promotional materials will be sourced solely through us. You must submit to us for our prior approval a marketing plan and samples of all advertising and promotional materials not prepared or previously approved by us and which vary from our standard advertising and promotional materials by following the procedures that are in place at the time of submittal. If you elect to work with a marketing firm (including an advertising agency or public relations firm), other than SalesStar Digital, you must obtain our written approval of such marketing firm, and such marketing firm must sign a confidentiality and non-disclosure agreement approved by us before you sign any contracts or share any Confidential Information with such marketing firm. This marketing firm or agency shall not, under any circumstances, be given access to any of our proprietary limited-

access intranet (including the Franchise Website), sites or any other information we deem inappropriate. You may not use any advertising or promotional materials that we have not approved.

We may establish a creative process in which you will submit requests for advertising and promotional materials for your Business. You must follow this process when established. You will find this process in the Operations Manual. We will try to meet your requests by using existing marketing collateral and/or customizable marketing templates. As part of the creative process, you acknowledge that we may incur costs in customizing the proposed advertising and promotional materials. We reserve the right to charge for these customized revisions of the advertising and promotional materials. Additionally, if your creative marketing requests fall outside the scope of, and cannot be adequately met with, existing collateral and marketing templates, we will charge you a customized marketing development fee and will provide you with an estimate of this fee at the outset of the project. If your project exceeds available resources or the timeline we provide, you must pay this customized marketing development fee to complete your custom marketing project.

If you default under this Agreement, fail to pay any amounts due and payable to us or our Affiliates, or fail to comply with any other provision of this Agreement, we may elect not to provide you marketing and advertising assistance for your Business's opening or on an ongoing basis. Until such time as you pay your outstanding obligation in full or cure this default, we may withhold permission for you to open your Business.

D. FRANCHISEE WEBSITES AND SOCIAL MEDIA.

You may not promote, offer, or sell any products or services relating to your Business, or use any of the Marks, through the Internet without our consent. You and your Owners agree not to register any Internet domain name in any class or category that contains the words SalesStar or any abbreviation, acronym, or variation of those words. Also, you and your Owners agree to not use any email address or alias that contains the words SalesStar or any abbreviation, acronym, or variation of those words except those we have authorized. This section also includes the use of SalesStar, or any derivative of SalesStar or its name, marks, or designs that would likely confuse or cause a customer or potential customer to believe such derivative name, mark or design is approved by SalesStar, and it includes publication of such names, marks, or designs via social media pages or mobile applications.

We may create a social-media page for your Franchise when it opens for business and will provide you access through an Internet-based platform that we select and use from time to time. All social-media pages will belong to us, and your use thereof will be subject to the policies and procedures set forth by us, as modified from time to time. You are not authorized to create any social-media pages or accounts (including, but not limited to, Instagram, Facebook, Twitter, TikTok and Snapchat) for your Franchise without our prior written consent.

E. SALESSTAR WEBSITE AND INTRANET.

We have established and plan to maintain the SalesStar Website (the "*Website*") to provide information about SalesStar, the Franchise, and the products and services that Businesses offer. Also, we will have control over the SalesStar Website's design and contents. We will have no obligation to maintain the Website indefinitely and may dismantle it at any time. We have the right to modify or discontinue the Website or any of its functions if we determine that it becomes advisable at any time. We will have no liability or obligation whatsoever with respect to any required modification or discontinuance of the Website. Also, we are not obligated to reimburse you for any loss of goodwill

associated with any modification or discontinuance of the Website. We may include pages on the Website that identify participating Businesses by address and telephone number. We are the sole owners of and reserve the rights to access and use the customer information collected through the SalesStar Website. You will not have the capability or the right to modify the Website.

We have established and plan to maintain a SalesStar franchising website (the “**Franchise Website**”) through which (i) members of the SalesStar network may communicate with each other, (ii) we may disseminate updates to the Operations Manual and other confidential information, and We may use the Franchise Website to provide Business rankings in the SalesStar network based on various data points tracked at any given time for the purpose of performance evaluation.

We will have no obligation to maintain the Franchise Website indefinitely and may dismantle it at any time. We will have no liability or obligation whatsoever with respect to any required modification or discontinuance of the Franchise Website. Also, we are not obligated to reimburse you for any loss of goodwill associated with any modification or discontinuance of the Franchise Website. We may include pages on the Franchise Website that identify participating Franchisees, General Managers, and vendors by address, telephone number, and email address. You will not have the capability or the right to modify the Franchise Website. We are the sole owners of and reserve the rights to access and use the customer information collected through the Franchise Website.

We may require you to purchase and install necessary hardware, software, and other necessary additions to your computer system and to establish and continually maintain connection with the Franchise Website that allows us to send messages to and receive messages from you. Your obligations to maintain connection with the Franchise Website will continue until the expiration or termination of this Agreement (or, if earlier, until we dismantle the Franchise Website).

If you default under this Agreement, fail to pay any and all amounts due and payable to us or our Affiliates, or fail to comply with any other provision of this Agreement, we may remove information about your Business from the Website, until such time as you pay your outstanding obligation in full or cure this default or we may temporarily suspend your access to any message board, directory, or other features the Franchise Website includes until such time as you fully cure the default. You must reimburse us for any and all purchases made through the Franchise Website by your Business. You acknowledge that you are responsible for all product orders placed by employees through the Franchise Website and subsidiaries of the website.

11. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

A. REPORTS, RECORDS AND BOOKKEEPING.

You must establish and maintain a bookkeeping, accounting, record-keeping and data-processing system conforming to the requirements and formats that we prescribe and as set forth in the Operations Manual and grant us access to all such software and records. You must use our standard chart of accounts and update this as required. You must prepare and maintain three years’ complete and accurate books, records, (including invoices and records relating to your advertising expenditures) and accounts (using our then-current standard chart of accounts) for your Business balance sheets and profit and loss statements, “**Records**”).

You must furnish to us reports relating to your Business by the delivery method and in a form and content as we have the right to periodically prescribe. In addition, you must furnish us the following reports:

- (i) **Sales Reports** – monthly reports of gross revenues or Gross Revenue due at the same time that Royalty Fees are due;
- (ii) **Monthly Financial Reports** - within 15 days after the end of calendar month, a profit and loss statement and balance sheet for your Business for the previous month and a year-to-date statement of financial condition as of the end of the previous month, including, cash flow, profit & loss, balance sheet, aged accounts receivable and payables;
- (iii) **Annual Reports** - within 90 days after the end of each calendar year, (1) a year-end balance sheet and income statement and statement of cash flow for you and all of your Affiliates that develop, own or operate SalesStar Businesses, all prepared in accordance with generally accepted accounting principles, consistently applied, reflecting all year-end adjustments and accrual; (2) similar information from all Owners who have signed a Guaranty; and (3) such summaries of financial information as we may require;
- (iv) **Tax Returns** - within 10 days after the returns are filed, exact copies of federal and state income, sales and any other tax returns and the other forms, records, books and other information pertaining to your Business as we have the right to periodically require;
- (v) **Other Reports** - within 30 days of our request, such other information as we may periodically require, including sales mix data; labor, and paper cost reports; sales and income tax statements; and a consolidated Business Plan (as defined and set forth below) for all SalesStar Businesses that you and your Affiliates own or operate.

All accounting and other reports shall use our then-current standard chart of accounts and standard accounting methodologies and practices as outlined in the System Standards. All financial reports must be prepared in accordance with generally accepted accounting principles (“GAAP”) then in effect in the United States. Each report and financial statement must be signed and verified by you in the manner we specify. We reserve the right to publish or disclose information that we obtain under this Section in any data compilations, collections, or aggregations that we deem appropriate, in our sole discretion, including financial information relating to your individual Business. We reserve the right to impose a penalty at our discretion for each record, report or financial statement that you fail to provide within the applicable amount of time set forth above. We also have the right to require that your financial statements be audited, at your expense, by an independent certified public accountant approved by us. We have the right to determine the format and manner of submission of each report. In addition, we have the right to charge you a late fee for each delinquent report due to us, as further described above. Also, we have the right, but not the obligation, to provide you with analytical and comparative Business performance reports. The data we use to generate these reports are aggregated directly from information provided by franchise owners and third-party sources. Therefore, it would be impossible to warrant the veracity of these reports. Ideal and theoretical labor and paper costs found in these reports are estimates and may or may not be accurate. You acknowledge that we do not warrant the reliance on the figures in these reports for your Business.

B. BUSINESS PLAN.

We have the right to require you to create, prepare and continually update a business plan containing such information as we may require and presented in a format which we have approved (“*Business Plan*”). Your Business Plan may be required to include, per the guidelines in the Operations Manual, with respect to the Business that you own and operate under this Agreement, as well as all Businesses owned or operated by you or any of your Affiliates, your short-term and long-term goals in at least the following areas: your mission statement, sales building, customer satisfaction, operations, quality of service, staffing, training certification, human resources, marketing, development and initiatives.

C. RETENTION OF RECORDS.

All records must be maintained for at least three years or in accordance with IRS requirements, as applicable. All Records shall be kept at your principal address indicated on the first page of this Agreement, unless we otherwise approve; provided, however, that you must also keep books, records and accounts of Gross Revenue and of operations at your Business. You acknowledge that we may require you to furnish all or some Records to us from time to time.

12. THE COMPANY’S RIGHT TO INSPECT YOUR BUSINESS; AUDITS.

A. INSPECTIONS.

To determine whether you are complying with this Agreement and with all System Standards and whether your Business is in compliance with the terms of this Agreement, we and our designated agents have the right to, at any reasonable time and without prior notice to you:

- (i) Inspect the Premises and your Business;
- (ii) Observe, photograph and video tape your Business’s operations for such consecutive or intermittent periods as we deem necessary;
- (iii) Interview Personnel and clients of your Business; and
- (iv) Inspect and copy any books, records and documents relating to the operation of your Business.

You must cooperate fully with us in connection with any of our inspections, observations, photographing, videotaping, and interviews. You also must cooperate fully with our representatives and independent accountants conducting audits.

You shall maintain readily available for inspection by the Company, and shall furnish to the Company upon its request, at these locations as the Company may reasonably request (including the Company’s office), exact copies of all books and records, tax returns and documents relating to the development, ownership, lease, occupancy or operation of your Business and of any corporation or partnership that holds the Franchise and shall afford the Company (and its agents), at any time during business hours, and without prior notice to you, full and free access to these books and records at your Business. The Company (and its agents) shall have the right to make extracts from, and copies of, and to audit, or cause to be audited, these books and records and shall have the right to communicate freely with Business employees. You shall fully cooperate with representatives of the Company and

independent accountants hired by the Company to conduct any inspection or audit. In the event any inspection or audit shall disclose an understatement of the Gross Revenue of your Business, you shall pay to the Company, within seven days after receipt of the inspection or audit report, the Royalty Fees, service fee, and any advertising contributions due on the amount of this understatement, plus interest (at the rate and on the terms provided in Section 6 above) from the date originally due until the date of payment. Further, in the event this inspection or audit is made necessary by the failure of you to furnish reports, supporting records or other information, as herein required, or to furnish these reports, records or information on a timely basis, or if an understatement of Net sales for the period of any inspection or audit (which shall not be for less than three months) is determined by any inspection or audit to be greater than two percent (2%), you shall reimburse the Company for the cost of the inspection or audit, including the charges of any attorneys, independent accountants and the travel expenses, room and board and compensation of employees of the Company. The foregoing remedies shall be in addition to all other remedies and rights of the Company under this Agreement or under applicable law.

13. TRANSFERS / ASSIGNMENT.

A. TRANSFERS/ASSIGNMENTS BY US.

This Agreement is fully transferable and/or assignable by us and will inure to the benefit of any transferee or assignee or other legal successor to our interest in this Agreement.

B. RESTRICTIONS ON TRANSFERS BY YOU.

Your rights and duties created by this Agreement are personal to you, or, if you are a business corporation, partnership, limited liability company or other legal entity, your Owners. We have granted this Agreement to you in reliance upon our perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and, if you are not an individual, your Owners. Accordingly, no Transfer will be made without our prior written approval. Any Transfer without our approval will constitute a breach of this Agreement and will be void and of no effect. You may not under any circumstance directly or indirectly sub-franchise or sub-license any of your rights hereunder.

“*Transfer*” is defined, for purposes of this Agreement, as the voluntary or involuntary, direct or indirect transfer, assignment, sale, gift, pledge, mortgage, hypothecation or other disposition (including those occurring by operation of law and a series of transfers that in the aggregate constitute a Transfer) of any of your interest in this Agreement or of a Controlling Interest in you. It may also be used as a verb, in which case it shall mean the act of completing a Transfer. “*Controlling Interest*,” for purposes of this Section 13 and provisions, addenda and exhibits which refer to this Section 13, means an interest, the ownership of which empowers the holder to exercise a controlling influence over the management, policies or personnel of an entity. Ownership of 10% or more of the equity or voting securities of a corporation, limited liability company or limited liability partnership or ownership of any general partnership interest in a general or limited partnership will be deemed conclusively to constitute a Controlling Interest in the corporation, limited liability company, or partnership, as the case may be.

C. CONDITIONS FOR APPROVAL OF TRANSFERS BY YOU.

If we have not exercised our right of first refusal pursuant to Section 13.G below and if you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all of the reasonable restrictions, requirements and conditions we impose on the Transfer, the transferor, or the transferee, including the following:

(i) **Character.** The proposed transferee and the individuals ultimately owning the transferee, if the transferee is an entity, must be individuals of good moral character and otherwise meet our then-applicable standards for owners of SalesStar Businesses. Also, the transferee must provide us on a timely basis all information we request.

(ii) **Business Experience.** The transferee and, if the transferee is an entity, its Owners must have sufficient business experience, aptitude and financial resources to operate its business and comply with this Agreement.

(iii) **Satisfaction of Obligations.** You have paid all amounts owed for purchases by you from us and our Affiliates and all other amounts owed to us or our Affiliates and third-party creditors or suppliers.

(iv) **Execution of New Agreement or Assumption of Agreement.** At our option, the transferee either has signed our then-current form of franchise agreement and related documents used in the state in which your Business is located (which may provide for different royalties, advertising contributions and expenditure, duration and other rights and obligations than those provided in this Agreement) for a new term, and if the transferee is an entity, each Owner of the transferee has signed our then-current form of guaranty, or has agreed to be bound by and expressly assume all of the terms and conditions of this Agreement for the remainder of its term.

(v) **Payment of Transfer Fees.** You or the transferee has paid us a Transfer fee equal to our then-current Transfer Fee, which is currently, \$25,000.

(vi) **Execution of Termination Agreement and/or Release.** At our option, you and your Transferring Owners, if you are an entity, have signed our then-current form of termination agreement and/or general release, in form and substance satisfactory to us, unless limited or prohibited by applicable law, (which shall release us and our Affiliates and our and their respective officers, directors, employees, shareholders, successors, assigns, and agents from any and all claims).

(vii) **Approval of Terms of Transfer.** We have approved the material terms and conditions of the Transfer, including the price and terms of payment. However, our approval of a Transfer does not ensure the transferee's success as a SalesStar Business franchisee nor should the transferee rely upon our approval of the Transfer in determining whether to acquire your Business.

(viii) **Subordination.** If you (or your Owners) finance any part of the sale price of the Transferred interest, you and your Owners have agreed that all obligations of the transferee under any promissory notes, agreements or security interests reserved by you (or your Owners) will be subordinate to the transferee's obligations to us and our affiliates.

(ix) **Non-Solicitation Covenant.** You and your Owners and Investors must sign a non-solicitation covenant, in form and substance satisfactory to us, in favor of us and the transferee agreeing that, for a period of one year, starting on the effective date of the Transfer, you and your Owners will not directly or indirectly (such as through immediate family members) (a) solicit any client of SalesStar, whether your former client or a client of any SalesStar Business or a client of the Franchisor or any of its Affiliates; and (b) recruit or hire any person who is an employee of ours or of any SalesStar Business operated by us, our Affiliates or any franchisee of

ours without obtaining the employer's consent, which consent may be withheld for any reason. For purposes of this provision, a "client" is defined as any person or entity that has engaged the services of any SaleStar entity or business within the last 12 months.

(x) **Non-Use of Marks.** You and your Owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to SalesStar Businesses owned and operated by you or them) identify yourself or themselves or any of their businesses as a current or former SalesStar Business, or as a franchisee, licensee or dealer of us or our Affiliates; use any Mark, any colorable imitation of any of the Marks or other indicia of a SalesStar Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

(xi) **Business Operation.** You have completed development of your Business and are operating your Business in accordance with this Agreement.

(xii) **Agreement Compliance.** You, your Owners and Affiliates must be in compliance with the provisions of this Agreement and all other agreements with us or any of our Affiliates.

(xiii) **Securities Exchange Act.** The proposed transferee may not be an entity, or be affiliated with an entity, that is required to comply with reporting and information requirements of the Securities Exchange Act of 1934, as amended.

(xiv) **Material Terms and Conditions.** The material terms and conditions of the Transfer (including the price and terms of payment and the amount to be financed by the transferee in connection with the Transfer, which shall not in any event exceed 75% of the purchase price for the assets or stock to be Transferred) must not be so burdensome as to be likely, in our reasonable judgment, to adversely affect the transferee's operation of the Business or its compliance with its franchise agreements and any other agreements being Transferred.

(xv) **Other Conditions.** You and your Transferring Owners, if you are an entity, have complied with any other conditions that we periodically reasonably require as part of our Transfer policies. You and your Owners and Affiliates must sign such other documents and do such other things as we may reasonably require to protect our rights under this Agreement.

In connection with any assignment permitted under this Section, you will provide us with all documents to be signed by you and the proposed transferee at least 30 days before signing.

D. TRANSFER TO A WHOLLY OWNED ENTITY.

If you are in full compliance with this Agreement, you will have the right to Transfer your rights in this Agreement to a corporation or other entity which will conduct no business other than the business contemplated by this Agreement, which you actually manage and in which you maintain management control and own and control 100% of the equity and voting power of all issued and outstanding capital stock or other ownership interests. Transfers of shares or ownership interests of such entity will be subject to the provisions of this Section 13. Even though a Transfer is made under this Section 13, you will remain personally liable under this Agreement as if the Transfer to the wholly owned entity had not occurred. The articles of incorporation, by-laws operating agreement, and other organizational documents of the corporation must state that the issuance and assignment of any interest in the entity is

restricted by the terms of this Section 13, and all issued and outstanding stock certificates or other certificates evidencing ownership interests in the entity must bear a legend reciting or referring to these restrictions.

E. DEATH OR DISABILITY OF FRANCHISEE.

Upon the death or permanent disability of Franchisee or, if Franchisee is an entity, of one of its Owners, the executor, administrator, conservator or other personal representative of such deceased or disabled person shall assign the Franchise or applicable interest in Franchisee to a third party approved by the Company. This disposition of the Franchise or interest in Franchisee (including Transfers by bequest or inheritance) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to assignments set forth in Section 13.C above and to the Company's right of first refusal set forth in Section 13.G below (provided, however, that Section 13.G shall not apply to Transfers to members of the immediate family of Franchisee or an owner of Franchisee or to Transfers by gift, bequest or inheritance). Failure to so dispose of the Franchise or interest in Franchisee within such period of time shall constitute a breach of this Agreement. Pending disposition, the Company shall have the right to approve the management of the Business, and no person whom the Company disapproves shall continue to act as a manager of the Business.

F. SPECIAL TRANSFERS.

None of Section 13.C(v), Section 13.C(vi) or Section 13.C(xii) above shall apply to any Transfer of the Franchise among any of your then-current Owners. Neither Section 13.C(vi) nor Section 13.C(xv) above shall apply to any Transfer of the Franchise to any member of your immediate family or the immediate family of a then-current Owner of Franchisee (if you are a corporation, partnership, limited liability company or other legal entity). On 30 days' notice to us, you (if you are an individual or partnership) may Transfer this Agreement, in conjunction with a Transfer of all of the assets of your Business, by an agreement in form and substance approved by us, to an entity which conducts no business other than the Business (and other SalesStar Businesses under franchise agreements granted by us), and of which you own and control all of the equity and voting power. The entity to which this Agreement is transferred must comply with Sections 7.A and 7.B above. None of the foregoing assignments shall relieve you or your Owners of your respective obligations hereunder, and you and your Owners remain jointly and severally liable for all obligations hereunder.

G. THE COMPANY'S RIGHT OF FIRST REFUSAL.

If you or any of your Owners desire to Transfer the Franchise for legal consideration, you or such Owner must obtain a *bona fide*, signed written offer from a qualified purchaser and must deliver immediately to us a complete and accurate copy of this offer. If the offeror proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights to other franchise agreements for SalesStar Businesses) as part of the *bona fide* offer, the proposal for the Franchise must be set forth in a separate, contemporaneous offer that is fully disclosed to us, and the price and terms of purchase offered to you or your Owners for the Transfer of the Franchise must reflect the *bona fide* price offered therefore and may not reflect any value for any other property or rights.

We have the option, exercisable by notice delivered to you or your Owners within 30 days from the date of delivery of a complete and accurate copy of such offer to us, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (1) we may substitute cash

for any form of payment proposed in this offer; (2) our credit shall be deemed equal to the credit of any proposed purchaser; and (3) we will have not less than 90 days from the option exercise date to consummate the transaction. We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable to make an informed investment decision with respect to the fairness of the terms of our right of first refusal. We may conduct such investigation and analysis in any manner we deem reasonably appropriate and you and your Owners must cooperate fully with us in connection therewith.

If we exercise our option to purchase, we are entitled to purchase such interest subject to all representations and warranties, closing documents, releases, non-competition covenants and indemnities we as reasonably may require, provided that if we exercise our option as result of a written offer reflected in a fully negotiated, definitive agreement with the proposed purchaser, we will not be entitled to any additional representations, warranties, closing documents or indemnities that will have a materially adverse effect on your rights and obligations under the definitive agreement. If we do not exercise our option to purchase, you or your Owners may complete the sale to the offeror pursuant to and on the exact terms of this offer, subject to our approval of the Transfer as provided in Sections 13.A, 13.B, or 13.C above provided that if the sale to the offeror is not completed within 90 days after delivery of this offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30-day period following your notification of the expiration of the 90-day period or the material change to the terms of the offer.

H. EFFECT OF CONSENT TO ASSIGNMENT.

The Company's consent to an assignment of the Franchise or any interest subject to the restrictions of this Section 13, shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee(s), nor a representation as to the fairness of the terms of any agreement or arrangement between you and the transferee or as to the prospects of success of the SalesStar Business. Any approval shall apply only to the specific Transfer of the Franchise being proposed and shall not constitute an approval of, or have any bearing on, any other proposed Transfer of the Franchise.

I. SECURITIES OFFERINGS.

In the event we decide to offer for sale securities in the Company and you or any of your Owners purchase these securities, neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your SalesStar securities or any SalesStar securities of any of your Affiliates, regardless of whether this sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliates. Neither you nor any of your Owners may issue or sell your securities or the securities of any of your Affiliates if: (1) these securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or these securities would be owned by more than thirty-five

persons; or (2) after this issuance or sale, you or this Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

Any proposed private placement of your or of your Affiliate's securities must be approved by us; provided however, we shall not be responsible for its contents and you shall indemnify and hold us harmless from any and all claims associated with such private placement.

14. TERMINATION.

A. IMMEDIATE TERMINATION.

You are in material breach and deemed to be in default of this Agreement, and this Agreement will automatically terminate without notice, at our discretion, if any of the following events occur:

(i) **Criminal Acts.** The conviction or entry of a guilty plea or no contest to charges involving fraudulent conduct or a felony or misdemeanor involving moral turpitude by either Franchisee or a principal of Franchisee.

(ii) **Insolvency.** You file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any federal or state bankruptcy law or any similar federal or state law, or are adjudicated a bankrupt or make an assignment for the benefit of creditors or admit in writing your inability to pay your debts generally as they become due, or if a petition or answer proposing the adjudication of you as a bankrupt or your reorganization pursuant to any federal or state bankruptcy law or any similar federal or state law is filed in any court and you consent to or acquiesce in the filing thereof or this petition or answer is not discharged or denied within 30 days after the occurrence of any of the foregoing, or if a receiver, trustee or liquidator of you or of all or substantially all of your assets or your interest in this Agreement is appointed in any proceeding brought by you, or if any such receiver, trustee or liquidator is appointed in any proceeding brought against you and is not discharged within 30 days after the occurrence thereof, or if you consent to or acquiesce in this appointment, or if you request the appointment of a receiver or make a general assignment for the benefit of creditors, or if your bank accounts, property or accounts receivable are attached or signing is levied against your business or property.

(iii) **Unauthorized Transfer.** A Transfer occurs in violation of the provisions of Section 13 above.

(iv) **Misstatements and Other Adverse Developments.** You or any of your Owners have made any material misrepresentation or omission in your application for the rights conferred by this Agreement, are convicted by a trial court of, or plead no contest to, a felony or to any other crime or offense that may adversely affect the goodwill associated with the Marks, or if you engage in any conduct which may adversely affect the reputation of any SalesStar Business or the goodwill associated with the Marks.

(v) **Unauthorized Use of Marks, Copyrights or Confidential Information.** You or any of your Owners makes any unauthorized use of the Marks or Copyrights or any unauthorized use or disclosure of Confidential Information.

(vi) **Abandonment.** You abandon or fail to actively operate your Business for 5 consecutive business days unless your Business has been closed for a purpose approved in advance by us in writing or because of fire, flood or other casualty or government order.

(vii) **Harmful Conduct.** If you engage in any conduct or practice that is fraudulent, unfair, unethical or deceptive or that is harmful to the reputation of Franchisor

(viii) **Understatements of Net Sales.** You understate your Business's Gross Revenue in any report or financial statement by an amount greater than two percent (2%).

(ix) **Failure to Make Payments.** You or any of your Affiliates fail to make payments, when due, of any amounts due to us or our Affiliates under this Agreement or any other agreement with us or our Affiliates.

(x) **Failure to Pay Taxes.** You fail to pay any federal or state income, sales or other taxes due with respect to your Business's operations unless you are in good faith contesting your liability for the taxes.

(xi) **Repeated Breaches.** If you materially default more than three (3) times in any twelve (12) month period, whether or not the defaults are cured after notice;

(xii) **Financing Defaults.** You default with respect to any of your obligations to us or any other lender under any financing provided to you in connection with this Franchise Agreement or a purchase of Business assets.

(xiii) **Default of Any Other Agreement.** You default in the performance or observance of any of your obligations under any other agreement with us or our Affiliates.

(xiv) **Final Judgment.** A final judgment is entered against you in the amount of Twenty-Five Thousand Dollars (\$25,000) or more and remains unsatisfied of record for 30 days or longer

(xv) **Foreclosure.** A suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within 30 days.

(xvi) **Corporate or Partnership Dissolution.** You voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and such petition is not dismissed within 30 days.

(xvii) **Anti-Terrorism Laws.** You are in violation of any of the Anti-Terrorism Laws.

You expressly waive all rights under the provisions of the bankruptcy or other applicable laws and rules, and consent to the immediate termination of this Agreement as provided herein. You agree not to seek an order from any court, tribunal, or agency in any jurisdiction relating to bankruptcy, insolvency, reorganization or any similar proceedings that would have the effect of staying or enjoining this provision.

B. NOTICE OF TERMINATION.

In addition to our right to terminate pursuant to other provisions of this Agreement and under applicable law, we have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if you or any of your Owners or Affiliates:

(i) fail to open your Business for business within 30 days of the signing of this Franchise Agreement, as provided in Section 3, above;

(ii) fail to report accurately sales/revenue information, to establish, maintain and/or have sufficient funds available in the designated account as required by Section 6.E of this Agreement or to make payment of any amounts due us or any of our Affiliates, and do not correct this failure within 10 days after written notice of this failure is delivered to you;

(iii) fail to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to bona fide dispute), and do not correct this failure within 30 days after we deliver to you notice of this failure to comply;

(iv) fail to comply with any other provisions of this Agreement or any other mandatory specification, System Standards or operating procedure or other obligation that we periodically prescribe in the Operations Manual and do not correct this failure within 30 days after notice of this failure to comply is delivered to you;

(v) deny us the right to inspect, examine or audit your Business and your Business's accounting records and do not correct this failure within 10 days after written notice of this failure is delivered to you;

(vi) fail to submit any financial statement or report when required, or your submission is incorrect or incomplete, and do not correct this failure within 10 days after written notice of this failure is delivered to you;

(vii) hinder, block or fail to correct a malfunction preventing our ability to access your SMS (including your accounting system) or other cloud-based systems to which we are required to have access at all times under this Agreement and fail to correct this within 5 days after written notice of this issue is delivered to you;

(viii) violate any federal labor laws, and do not correct this failure within 10 days after written notice of this failure is delivered to you;

(ix) fail to insure your Business as provided in Section 8.G above, and do not correct this failure within 30 days after written notice of this failure is delivered to you;

(x) fail to comply with the in-term covenants in Section 9.B of this Agreement, fail to obtain signing of the covenants required under that Section, or fail to comply with the confidentiality non-competition agreement found in Schedule 4 hereof, and do not correct this failure within 10 days after written notice of this failure is delivered to you; or

(xi) fail to notify us of the termination of your Operating Partner, or fail to hire or select a successor Operating Partner or General Manager, who satisfies the requirements provided for in Section 7 above.

Except as provided in Section 14.C(i) below, we have no obligation whatsoever to refund any portion of the initial Franchise Fee, renewal fee, relocation fee, Transfer fee upon any termination.

C. OUR RIGHT TO TERMINATE IN CERTAIN OTHER CIRCUMSTANCES.

(i) **Failure to Complete Training.** If you or any initial attendee to our training programs fails to complete all phases of the initial and intensive training program to our satisfaction, we will have the right to terminate this Agreement effective upon delivery of notice of termination to you. No refund of the initial franchise fee will be made in such circumstances.

(ii) **Failure to Open Your Business for Business.** If you fail to open your Business for business within 30 days of the signing of this Franchise Agreement in compliance with this Agreement, we will also have the right to terminate this Agreement effective upon delivery of notice of termination to you. No refund of the initial franchise fee will be made in such circumstances.

If you are in default of this Agreement for abandonment (as described above), we have the right, at our option, to assume the management of your Business for any period of time we deem appropriate. If we assume management of your Business, we will appoint a representative to maintain Business operations. All funds from the operation of your Business during the period of management by our appointed representative will be kept in a separate fund, and all expenses of your Business, including compensation, other costs, and travel and living expenses of our appointed representative, will be charged to this fund. As compensation for these management services, we may charge you 10% of the Gross Revenue of your Business during the period of our management and withdraw payment for such charge from such fund. Operation of your Business during any such period will be on your behalf, provided that we will have a duty only to use our good-faith efforts and will not be liable to you for any debts or obligations incurred by your Business or to any of your creditors for any merchandise, materials, supplies or services purchased by your Business during any period in which your Business is managed by our appointed representative. You will maintain in force for your Business all insurance policies required by this Agreement. Our right to assume management of your Business pursuant to this Section is in addition to and does not affect our right to terminate this Agreement.

15. LIQUIDATED DAMAGES.

Upon Franchisor's termination of this Agreement in accordance with its terms, Franchisee shall pay to Franchisor, within 30 days of the date of termination, as liquidated damages for the premature termination of this Agreement and not as a penalty, an amount equal to the continuing Royalty Fees payable to Franchisor with respect to the last 12 months of the Business's active operations or entire period the Business has been open for business, whichever is the shorter period for each year remaining in the Term of this Agreement. Franchisee acknowledges and agrees that such liquidated damages are a reasonable approximation of the damages Franchisor will incur resulting from the premature termination of this Agreement as a result of Franchisee's breach, are appropriate because actual damages incurred by Franchisor will be difficult or impossible to ascertain. Such damages are not a penalty and shall not affect Franchisor's right to, and are not in lieu of, any other payment or remedy, damages or relief available to Franchisor.

16. RIGHTS AND OBLIGATIONS OF THE COMPANY AND FRANCHISEE UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.

A. REVERSION OF RIGHTS.

You agree that upon termination or expiration of this Agreement, all of your rights to use the Marks and all other rights and licenses granted herein and the right and license to conduct business under the Marks at your Business and on the Premises shall revert to us without further act or deed of any party. All right, title and interest of you in, to, and under this Agreement shall become our property.

B. PAYMENT OF AMOUNTS OWED TO US AND OTHERS FOLLOWING TERMINATION OR EXPIRATION.

You must pay us within 15 days after the date of termination or expiration of this Agreement, or such later date as the amounts due to us are determined, the Royalty Fees, marketing fees, amounts owed for purchases by you from us or our Affiliates, and interest due on any of the foregoing and all other amounts owed to us or our Affiliates which are then unpaid.

C. DISCONTINUANCE OF THE USE OF THE MARKS AND COPYRIGHTS FOLLOWING TERMINATION OR EXPIRATION.

You agree that, upon termination or expiration of this Agreement, you will:

(i) Not directly or indirectly at any time or in any manner (except with respect to other SalesStar Businesses owned and operated by you) identify yourself or any business as a current or former SalesStar Business, or as a franchisee, licensee or dealer of us or our Affiliates, and not use any Mark, any colorable imitation of a Mark or other indicia of a SalesStar Business in any manner or for any purpose or use for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us or our Affiliates;

(ii) Deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, invoices and other materials containing any Mark or otherwise identifying or relating to a SalesStar Business and allow us, without liability, to remove all these items from your Business;

(iii) Take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(iv) If we do not exercise our right to purchase your Business pursuant to Section 16.E below, promptly discontinue using for any purpose, all signs, fixtures, furniture, décor items, advertising materials, forms and other materials and suppliers which display any of the Marks or any distinctive features, images, or designs associated with SalesStar Businesses and, at your expense, make such alterations as may be necessary to distinguish the Premises so clearly from its former appearance as a SalesStar Business and from other SalesStar Businesses as to prevent any possibility of confusion by the public;

(v) Deliver all materials and supplies identified by the Marks in full cases or packages to us for credit and dispose of all other materials and supplies identified by the Marks within 30 days after the effective date of termination of this Agreement;

(vi) Notify the telephone company and all telephone directory publishers of the termination of your right to use any telephone and telecopy numbers and any regular, classified

or other telephone directory listings associated with any Mark and to authorize transfer of those rights to us, or at our direction, our designee. You agree that, as between you and us, we have the right to and interest in all telephone and fax numbers and directory listings associated with any Mark. You authorize us and appoint us and any of our officers as your attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone and fax numbers and directory listings relating to your Business to us, or our designee, should you fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive evidence of our exclusive rights in the telephone and telecopy numbers and directory listings and our authority to direct their transfer;

(vii) Furnish us, within 30 days after the effective date of termination, with evidence satisfactory to us of your compliance with the obligations in this Section 15.

(viii) Immediately discontinue the use of any of our proprietary software;

(ix) Immediately discontinue any mode of communications on the Franchise Website and Internet directly or indirectly relating to your Business, including any authorized websites or any pages associated with your Business, and immediately take all steps required by us to transfer any domain name associated with your Business to us (such as signing a registrant name change agreement with an applicable registrar). You irrevocably appoint an authorized officer of ours as your duly authorized agent and attorney-in-fact to sign all instruments and take all steps to transfer these domain names; and

(x) Immediately cease to use all Confidential Information and return to us all copies of the Operations Manual and any other confidential information which have been loaned to you.

You agree that if you fail to fulfill any of the obligations contained in this Section 15 upon termination or expiration of this Agreement, we have the right, at our option, to perform these obligations at your expense.

D. DISCONTINUANCE OF USE OF CONFIDENTIAL INFORMATION FOLLOWING TERMINATION OR EXPIRATION; POST-TERM NON-SOLICITATION COVENANT

You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any Confidential Information disclosed to you pursuant to this Agreement in any business or otherwise and you will return to us all copies of the Operations Manual and any other Confidential Information which we have loaned to you.

Upon termination of this Agreement for any reason, you agree that, for a period of one year, starting on the effective date of the Transfer, you and your Owners will not directly or indirectly (such as through immediate family members) (a) solicit any client of SalesStar, whether your former client or a client of any SalesStar Business or a client of the Franchisor or any of its Affiliates; and (b) recruit or hire any person who is an employee of ours or of any SalesStar Business operated by us, our Affiliates or any franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason. For purposes of this provision, a "client" is defined as any person or entity that has engaged the services of any SalesStar entity or business within the last 12 months.

You expressly acknowledge that you, your Owners, and the other Restricted Persons possess skills and abilities of a general nature and have other opportunities for exploiting those skills. Consequently, enforcement of the covenants made in this Section 16.D will not deprive you or any of the other Restricted Persons of their personal goodwill or ability to earn a living. If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all of the covenant, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If you or any of your Owners fail or refuse to abide by any of the foregoing covenants and we obtain enforcement in a judicial proceeding, the obligations under the breached covenant will continue in effect for a period of time ending two years after the date of the order enforcing the covenant.

E. OUR OPTION TO PURCHASE YOUR ASSETS

We shall have the right, but not the obligation, to purchase the assets of your Business, upon termination or expiration (without renewal) of this Agreement. We shall have the right, exercisable by giving notice thereof (“**Appraisal Notice**”) within 10 days after the date of termination or expiration of this Agreement, to require that a determination be made of the Fair Market Value (as defined below) of any or all of the assets of your Business which you own, including, materials, supplies, furniture, equipment and signs, but, excluding any cash and short-term investments and any items not meeting our specifications for SalesStar Businesses (the “**Purchased Assets**”). Notwithstanding the foregoing, if you notify us not less than 180 days nor more than 270 days before expiration, then we agree, if we desire to exercise our right to purchase, to give you the Appraisal Notice at least 120 days before the date of expiration of this Agreement.

Upon delivery of the Appraisal Notice, you may not sell or remove any of the assets of your Business from the Premises (other than in the ordinary course of business) and must give us, our designated agents and the Appraiser (as defined below) full access to your Business and all of your books and records at any times during customary business hours to conduct inventories and determine the purchase price for the Purchased Assets.

The “**Fair Market Value**” for purposes of this Agreement is an amount that shall be determined based upon the amount that an arm’s-length purchaser would be willing to pay for the Purchased Assets, assuming that the Purchased Assets would be used for the operation of a SalesStar Business under a valid franchise agreement reflecting the then-current (or if we are not offering franchises at that time, then the most recent) standard terms upon which we offer or offered franchises for SalesStar Businesses. Under no circumstances does this calculation contemplate that any value be attributed to any goodwill associated with the Marks or any value attributed to other Intellectual Property or the System Standards, provided, however, that an amount may, if appropriate, be attributed to the going concern value of your Business. You and we hereby agree that the valuation methodology described herein is a fair and reasonable method by which to value the Purchased Assets.

Notwithstanding, the mutually agreeable valuation methodology, if you and we are unable to agree on the final calculation of the Fair Market Value of the Purchased Assets within 15 days after the Appraisal Notice, then Fair Market Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of our or your financial statements) mutually selected by you and us who has experience in the valuation of Business businesses (the “**Appraiser**”). If we are unable to agree on the Appraiser within 30 days after the Appraisal Notice, either party may

demand the appointment of an Appraiser be made by the director of the Regional Office of the American Arbitration Association located nearest to Dover, Delaware, and this person shall be the Appraiser.

The Appraiser will make his or her determination and submit a written report (the “*Appraiser Report*”) to you and us as soon as practicable, but in no event more than 60 days after his or her appointment. Each party may submit in writing to the Appraiser its judgment of Fair Market Value (together with its reason therefore); however, the Appraiser shall not be limited to these submissions and may make such independent investigations as he or she reasonably determines to be necessary. The Appraiser’s fees and costs shall be borne equally by the Parties.

We have the option, exercisable by delivering notice thereof within 30 days after submission of the Appraisal Report (or the date that an agreement is reached, if the Parties agree to the Fair Market Value), to agree to purchase the Purchased Assets at Fair Market Value. We shall have the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement.

If we exercise our option to purchase, the purchase price for the Purchased Assets will be paid by electronic transfer at the closing, which will occur at the place, time and date we designate, but not later than 60 days after the exercise of our option to purchase the Purchased Assets. At the closing, we will be entitled to all representations, warranties, title insurance policies and other closing documents and post-closing indemnifications as we reasonably require, including: (1) instruments transferring good and marketable title to the Purchased Assets, free and clear of liens, encumbrances, and liabilities, to us or our designee, with all sales and other transfer taxes paid by you; and (2) an assignment of all leases of assets used in the operation of your Business, including land, building and/or equipment (or if an assignment is prohibited, a sublease to us or our designee for the full remaining term and on the same terms and conditions as your lease, including renewal and/or purchase options), provided, however, that if any of your Owners or Affiliates directly or indirectly owns the land, building and/or equipment of your Business, you will, at our option, cause this Owner or Affiliate to grant to us a lease at reasonable and customary rental rates and other terms prevailing in the community where your Business is located. Any dispute concerning the rental rates and terms of this lease shall be resolved by the Appraiser.

If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the closing of the sale may, at our option, be accomplished through an escrow on such terms and conditions as we deem appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties to obtain clear title to all of the Purchased Assets. Further, you and we shall comply with any applicable bulk sales provisions of the Uniform Commercial Code as enacted in the state where the Premises are located and all applicable state and local sales and income tax notification and/or escrow procedures. We have the right to set off against and reduce the purchase price by any and all amounts owed by you or any of your Owners or Affiliates to us or any of our Affiliates.

Upon delivery of the Appraisal Notice and pending (1) determination of Fair Market Value, (2) our option period, and (3) the closing of the purchase, we may authorize continued temporary operations of your Business pursuant to the terms of this Agreement, subject to the supervision and control of one or more of our appointed managers.

F. CONTINUING OBLIGATIONS.

All obligations of us and you which expressly or by their nature survive the termination of this Agreement will continue in full force and effect subsequent to and notwithstanding termination and until they are satisfied in full or by their nature expire.

17. RELATIONSHIP OF PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

The Parties acknowledge and agree that the relationship created under the Agreement is that of independent contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or the relationship of principal and agent or employer and employee between the Parties, and in no circumstances shall either Party, their officers, directors, agents, employees, salespeople, or similar persons be considered the agents or employees of the other Party.

You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including our judgment of what is in the best interest of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions could have been made by us; (2) our decision or the action we take promotes our financial or other individual interest; (3) our decision or the action we take applies differently to you and one or more other franchisees or Affiliated Businesses or other Affiliates of ours; or (4) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that this covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

B. INDEMNIFICATION.

By signing below, you agree, during and after the Term of this Agreement, to indemnify us, our Affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively “*Indemnitees*”), and to hold the Indemnitees harmless to the fullest extent permitted by law, (i) from any and all Losses and Expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment); and (ii) from any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the Indemnitees in connection with the development, ownership, operation or closing of any of your SalesStar Businesses (in each case, an “*Event*”), regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnification will not apply to any liability arising from a breach of this Agreement by the Indemnitees or the gross negligence or willful misconduct of Indemnitees (unless joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to you).

The term “*Losses and Expenses*” includes compensatory, exemplary, and punitive damages; fines and penalties; attorney’s fees; experts’ fees; court costs; costs associated with investigating and

defending against claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. We agree to give you reasonable notice of any Event of which we become aware for which indemnification may be required and we may elect (but are not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to your consent, which consent shall not be unreasonably withheld or delayed.

We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of Indemnitees or SalesStar Businesses generally; provided, however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreement agrees to undertake the defense of an Event (an “*Insured Event*”), we agree not to exercise our right to select counsel to defend such event if such an action would cause your insurer to deny coverage. We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense. This Section 17.B shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

C. TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon your Business, your property or upon us, in connection with furnishings or equipment purchased, sales made or business conducted by you (except any taxes we are required by law to collect from you, in which case you shall be liable to us for the amount of any taxes owed). Payment of all these taxes shall be your responsibility. In the event of a *bona fide* dispute as to your liability for taxes, you may contest your liability in accordance with applicable law. In no event, however, will you permit a tax sale, seizure, or attachment to occur against your Business or any of its assets.

18. DISPUTE AVOIDANCE AND RESOLUTION.

A. MEDIATION AND MANDATORY BINDING ARBITRATION, WAIVER OF RIGHT TO TRIAL BY JURY, ETC.

All claims, disputes, suits, actions, controversies, proceedings, or otherwise, of every kind (hereinafter “**claim**” or “**claims**”) arising between or involving the Franchisor and the Franchisee except as expressly provided below, will be resolved as described below. This resolution process will apply to all such claims whether arising out of or relating to this or any other agreement or document, any alleged breach of duty (including the offer and/or sale of any franchise, any action for rescission or other action to set aside such sale or any other agreement), and on whatever theory or basis in fact. The resolution process will be as follows:

(i) First, the claim(s) will be discussed in a face-to-face or virtual meeting between the parties with individuals who are authorized to make binding commitments on their behalf. This meeting will be held at Franchisor’s then-current headquarters or virtually and within thirty (30) days after written notice is given proposing such a meeting. Either party may require the other to participate in the International Franchise Association’s Ombudsman (or similar) program prior to, or in conjunction with, any mediation, and all meetings to be held at Franchisor’s then-current headquarters.

(ii) Second, if, in the opinion of either party, the meeting has not successfully resolved such matters, they will be submitted to non-binding mediation through the National Franchise Mediation Program as administered by the CPR Institute for Dispute Resolution.

(iii) Third, if such mediation is not successful in resolving the dispute, claims will be submitted to and finally resolved by binding arbitration before and in accordance with the arbitration rules of AAA (or any successor organization). In each case, the parties to any mediation/arbitration will execute appropriate confidentiality agreements, excepting only such public disclosures and filings as required by law.

Franchisor and Franchisee agree that this Agreement does not obligate them to mediate or arbitrate claims or issues relating primarily to (i) the validity of the Marks, or any trademarks, service marks or other Intellectual Property licensed to Franchisee, (ii) Franchisor's rights to obtain possession of any real and personal property (including any action in unlawful detainer, ejectment or otherwise) (iii) Franchisor's or Franchisee's rights to obtain a writ of attachment and/or other pre-judgment remedies and/or (iv) Franchisor's rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief (including, but not limited to, Franchisor's rights to equitable relief with respect to Franchisee's unlawful use of any of the Marks and/or other Intellectual Property and Franchisee's breach of the confidentiality and/or non-solicitation provisions of this Agreement), intentional interruption by Franchisee or Franchisor of business operations with the exception of the provisions of Section 14 relating to Breaches, Defaults or Termination, and the exercise of any such rights and remedies will not be deemed a waiver of the rights to require or use mediation and/or arbitration.

(iv) Franchisor and Franchisee each knowingly waive all rights to trial by a court or jury. The parties each understand that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence, and may make appeals generally less available. However, both parties still prefer, and have mutually selected (for the reasons set forth in this Section and the following one), mediation and/or arbitration as provided in this Agreement to resolve any and all disputes and claims, except as expressly provided in Section 14. The parties have had an express meeting of the minds on each these matters as set forth in this Section 18 and/or otherwise. Both parties further agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and construed, any provisions of state, provincial or other law to the contrary, and/or any statements in Franchisor's Disclosure Document or otherwise required as a condition of registration or otherwise.

19. MISCELLANEOUS.

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Each section, paragraph, term and provision of this Agreement shall be considered severable, and if any portion of this agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, it shall not have any effect upon such other portions of this Agreement as may remain otherwise intelligible. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this agreement than is required under this Agreement, or the taking of some other action not required under it, or if under any applicable and binding law or rule of any jurisdiction, any provision of this agreement or any specification, standard

or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by this law or rule shall be substituted for the comparable provisions of this Agreement, and we shall have the right to modify such invalid or unenforceable provision, specification, standard or operating procedure if required to be valid and enforceable and you will be bound to such modification. Otherwise, all modifications to this Agreement must be in writing signed by both Parties (except for modifications accomplished by virtue of our amendment to System Standards and/or the Operations Manual as described herein). If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

Nothing in this Agreement or any related agreement is intended to disclaim Franchisor's representations made in the Franchise Disclosure Document.

B. WAIVER OF OBLIGATION.

We and you may by written instrument unilaterally waive or reduce any obligation of, or restriction upon, the other under this Agreement, effective upon delivery of written notice to the other. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (i) by virtue of any custom or practice of the Parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement; (iii) any waiver, forbearance, delay, failure or omission by the Company to exercise any right, power or option with respect to any other SalesStar Business; or (iv) our acceptance of any payments due from you after any breach of this Agreement. Neither Party shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (i) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) compliance with any law, ruling, order, regulation, requirement or instruction of any agency of government; (iii) acts of God; (iv) acts of omissions of the other Party; (v) fires, strikes, embargoes, war, or riot; (vi) epidemics, pandemics, or other national or regional public health emergencies; or (vii) any other similar event or cause. Any delay resulting from any cause shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. ACKNOWLEDGEMENT ADDENDUM.

You acknowledge that you knowingly and truthfully executed Schedule 1 attached hereto, or documents identical thereto, in which you acknowledge certain statements and representations.

D. COSTS AND ATTORNEYS' FEES.

In a judicial proceeding, the non-prevailing party agrees to reimburse the prevailing party for all of the prevailing party's costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys' fees.

E. GOVERNING LAW.

This Agreement shall be construed under the laws of the State of Delaware, provided, however, that the foregoing shall not constitute a waiver of any of your rights under any applicable franchise law of another state. In the event of any conflict of law, Delaware law will prevail, without regard to its conflict-of-law principles. However, if any provision of this Agreement would not be enforceable under Delaware law, and if your Business is located outside of Delaware and this provision would be enforceable under the laws of the state in which your Business is located, then this provision shall be construed under the laws of that state. Nothing in this Section 19.E is intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of Delaware or any other state or political subdivision to which it otherwise would not be subject.

F. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF.

We may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm. We may have this injunctive relief, without bond, but upon due notice, in addition to this further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of this injunction shall be its dissolution, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any injunction being expressly waived). You and each of your Owners acknowledge that any violation of Sections 9, 13.C(x), 16.C or 16.D above would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you and each of your Owner's consent to the issuance of an injunction prohibiting any conduct in violation of any of those Sections and agree that the existence of any claim you or any of your Owners may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement of any of those Sections.

G. BINDING EFFECT.

This Agreement is binding upon the Parties to it and their respective executors, administrators, heirs, assigns, and successors in interest and shall inure to the benefit of any transferee or other legal successor to our interest herein.

H. CONSTRUCTION.

The preambles and the exhibit(s) and riders to this Agreement, if any, are part of this Agreement, which constitutes the entire agreement of the Parties, and there are no other oral or written understandings or agreements between the Company and you relating to the subject matter of this Agreement. The section headings are for convenience only and do not limit or construe their contents. The word "**including**" shall be construed in all instances to include the words "**without limitation.**" The term "**Franchisee**" as used in this Agreement is applicable to one or more persons, or entities, as the case may be. Any singular usage includes the plural, and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to the Company shall be joint and several. References to "Franchisee," "Owner" and "assignee" which are applicable to an individual or individuals shall mean the Owner or Owners of Franchisee or an assignee if Franchisee or the assignee is an entity.

I. SIGNATURES; TIME OF THE ESSENCE.

This Agreement may be signed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

J. EXERCISE OF RIGHTS.

The rights of Franchisor and Franchisee hereunder are cumulative, and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled to enforce by law. If you commit any act of default under any agreement or this Agreement for which Franchisor exercises its right to terminate this Agreement, you shall pay to Franchisor the actual and consequential damages Franchisor incurs as a result of the premature termination of this Agreement. You acknowledge and agree that the proximate cause of these damages sustained by Franchisor is your act of default and not Franchisor's exercise of its right to terminate. Notwithstanding the foregoing, and except as otherwise prohibited or limited by applicable law, any failure, neglect, or delay of a party to assert any breach or violation of any legal or equitable right arising from or in connection with this Agreement shall constitute a waiver of this right and shall preclude the exercise or enforcement of any legal or equitable remedy arising therefrom, unless written notice specifying the breach or violation is provided to the other party within twenty-four months after the later of: (1) the date of the breach or violation; or (2) the date of discovery of the facts (or the date the facts could have been discovered, using reasonable diligence) giving rise to the breach or violation.

K. LIMITATIONS ON LEGAL ACTIONS.

Except with respect to your obligations regarding use of the Marks in Section 5 above and the Confidential Information in Section 9.A above, we, you and your Owners each waives, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other. You and each of your Owners waive, to the fullest extent permitted by applicable law, the right to recover consequential damages for any claim directly or indirectly arising from or relating to this Agreement.

You agree that for our franchise system to function properly we should not be burdened with costs of litigating system-wide disputes. Accordingly, any disagreement between you or your Owners and us shall be considered unique as to its facts and shall not be brought as a class action, and you and each of your Owners waive any right to proceed against us or any of our shareholders, members, Affiliates, officers, directors, employees, agents, successors and assigns by way of class action, or by way of a multi-plaintiff, consolidated or collective action. In any legal action between the parties, the court shall not be precluded from making its own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving us and any other franchisee, and each party waives the right to claim that a prior disposition of the same or similar issues precludes this independent determination.

Furthermore, the Parties agree that any legal action in connection with this Agreement shall be tried to the court sitting without a jury, and **all Parties waive any right to have any action tried by jury.**

L. APPROVAL AND CONSENTS.

Whenever this Agreement requires the approval or consent of either Party, the other Party shall make written request therefore, and such approval or consent shall be obtained in writing; provided, however, that unless specified otherwise in this Agreement, such Party may withhold approval or consent, for any reason or for no reason at all. Furthermore, unless specified otherwise in this Agreement, no such approval or consent shall be deemed to constitute a warranty or representation of any kind,

express or implied, and the approving or consenting Party shall have no responsibility, liability or obligation arising therefrom.

M. NOTICES AND PAYMENTS.

All written notices permitted or required to be delivered by this Agreement shall be deemed so delivered:

- (i) at the time delivered by hand to the recipient party or any officer, director, or partner of the recipient party;
- (ii) on the same day of the transmission by facsimile, telegraph, e-mail or other reasonably reliable electronic communication system (provided sender has electronic confirmation of transmission);
- (iii) one business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or
- (iv) five business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing.

All notices to us must consist of two copies, one each to our general counsel and our chief executive officer, to be effective. All payments and reports required by this Agreement shall be sent to us at the address identified in this Agreement unless and until a different address has been designated by written notice to the other party. No restrictive endorsement on any check or in any letter or other communication accompanying any payments shall bind us, and our acceptance of any payments shall not constitute an accord and satisfaction.

All payment and reports required by this Agreement must be directed to the Company at the address notified to you.

N. RECEIPT OF DISCLOSURE DOCUMENT AND AGREEMENT.

You acknowledge having received our Franchise Disclosure Document 14 calendar days before signing a binding agreement or making any payment to us relating to this Agreement. You acknowledge having received this Agreement, with all blanks completed, at least seven calendar days before you signed it.

< Signatures on following page >

IN WITNESS WHEREOF, the Parties have signed, sealed and delivered this Agreement on the day and year first above written.

FRANCHISOR:
Sales Star Franchising USA, LLC

a Delaware corporation

By: _____
Print Name: _____
Its: _____

FRANCHISEE:

[_____] ,
[_____]

By: _____
Print Name: _____
Its: _____

OWNERS:

Signed: _____
Print Name: [_____]

Signed: _____
Print Name: [_____]

Signed: _____
Print Name: [_____]

**SCHEDULE 1
ACKNOWLEDGMENT ADDENDUM**

Sales Star Franchising USA, LLC, a Delaware corporation (“*we*”, “*us*”, the “*Company*” or “*Franchisor*”) and [_____, _____], [_____, _____] (“*you*” or “*Franchisee*”) have, as of [_____, _____], entered into a certain SalesStar Franchise Agreement (the “*Franchise Agreement*”) and desire to supplement its terms, as set out below.

1. You acknowledge and represent that you have read this Agreement and our Franchise Disclosure Document and understand and accept the provisions of this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all SalesStar Businesses franchised or operated by us and to protect and preserve the goodwill of the Marks.

_____ *[Franchisee’s Initials]*

2. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and you recognize that, like any other business, the nature of the business contemplated by this Agreement may change over time, that an investment in a SalesStar Business involves business risks, and that the success of the venture is largely dependent upon your business abilities and efforts.

_____ *[Franchisee’s Initials]*

3. You acknowledge and understand that any information relating to the sales, profits or cash flows of SalesStar Businesses operated by us, our Affiliates, or our franchisees that is contained in our Franchisee Disclosure Document and other materials is intended only to be an indication of historical performance of certain SalesStar Businesses and NOT a prediction of potential future financial performance.

_____ *[Franchisee’s Initials]*

4. Except for the financial performance representations, if any, included in our Franchise Disclosure Document, we expressly disclaim the making of, and you acknowledge that you have not received or relied on, any express or implied warranty or guarantee as to the revenues, profits or success of the business venture contemplated by this Agreement.

_____ *[Franchisee’s Initials]*

5. You acknowledge and understand that our officers, directors, employees and agents are acting only in a representative and not a personal capacity in their dealings with you. You also acknowledge and represent that you have not received or relied on any representations about us or our franchise program or policies from us or our officers, directors, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement.

_____ *[Franchisee’s Initials]*

6. You represent to us, as an inducement to your entry into this Agreement, that all statements in your application for the rights granted in this Agreement are accurate and complete and that you have made no misrepresentations or material omissions in obtaining these rights.

_____ *[Franchisee’s Initials]*

7. You acknowledge that you received a copy of this Agreement, all applicable addenda, and any other related agreements with us or our Affiliates and our Franchise Disclosure Document at least 14 calendar days before the date on which this Agreement was signed.

_____ *[Franchisee’s Initials]*

8. You acknowledge and agree that this Agreement, together with any duly signed amendment or addendum attached to the Agreement, contains the entire agreement between the Parties with respect to your Franchise for your Business, and that it supersedes any prior or contemporaneous agreements between the Parties, written or oral, with respect to the Franchise for your Business.

_____ *[Franchisee’s Initials]*

9. You acknowledge and agree that this Agreement creates an arm’s-length commercial relationship that cannot and will not be transformed into a fiduciary or other “special” relationship by course of dealing, by any indulgences or benefit that we bestow on you, or by inference from a party’s conduct.

_____ *[Franchisee’s Initials]*

IN WITNESS WHEREOF, the undersigned have signed this Agreement on the date first above written.

FRANCHISOR

FRANCHISEE

Sales Star Franchising USA, LLC,
a Delaware corporation

[_____] ,
[_____]

By: _____
Print Name: [_____]]
Title: President and CEO

By: _____
Print Name: [_____]]
Title: [_____]

SCHEDULE 2
OWNERSHIP ADDENDUM TO FRANCHISE AGREEMENT

Sales Star Franchising USA, LLC, a Delaware corporation (“*we*”, “*us*”, the “*Company*” or “*Franchisor*”) and _____, _____ (“*you*” or “*Franchisee*”) have, as of _____, entered into a certain SalesStar Franchise Agreement (“*Franchise Agreement*”) and desire to supplement its terms, as set out below. The Parties therefore agree as follows:

1. **Operating Partner.** The name, home address, and social security number of the Operating Partner are as follows:

NAME

HOME ADDRESS

SSN

2. **Entity Type of Franchisee.** Franchisee is a [limited liability company / corporation / general partnership / limited partnership], which was [organized/formed] on the ___ day of _____, 20____, under the laws of the State of _____. Its Federal Employer Identification Number is _____. It has not conducted business under any name other than its [company/corporate/partnership] name. The following is a list of all of Franchisee’s [directors, officers or managers / general partners] as of [_____].

NAME OF

POSITION

[DIRECTOR/OFFICER/MANAGER/GENERAL

PARTNER]

3. **Owners.** Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name, mailing address, and social security number of each Owner, and fully describes the nature and extent of each Owner’s interest in Franchisee. Franchisee and each Owner as to his/her ownership interest in Franchisee, represents and warrants that each Owner is the sole and exclusive legal beneficial owner of his/her ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by the Agreement.

<u>OWNER'S NAME</u>	<u>SSN</u>	<u>OWNER'S ADDRESS</u>	<u>OWNERSHIP PERCENTAGE</u>
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[]			
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[]			
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[]			
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4. **Change.** You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information.

5. **Date of Addendum.** The date of this Addendum is [_____].

< Signatures on following page >

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his/her signature as of [_____].

FRANCHISOR

Sales Star Franchising USA, LLC,
a Delaware corporation

By: _____

Print Name:
[_____]

Title: President and CEO

FRANCHISEE

[_____] ,
[_____]

By: _____

Print Name:
[_____]

Title:
[_____]

OWNERS

Signed: _____

Print Name:
[_____]

Signed: _____

Print Name:
[_____]

Signed: _____

Print Name:
[_____]

SCHEDULE 3 GUARANTY

In consideration of, and as an inducement to, the signing of a SalesStar Franchise Agreement dated [] (the “*Agreement*”) by and between Sales Star Franchising USA, LLC, a Delaware corporation (“*Franchisor*”) and [], [] (“*Franchisee*”), each of the undersigned owners of a 10% or greater direct or indirect interest in Franchisee for themselves, their heirs, legal representatives, successors and assigns (each a “*Guarantor*”, and collectively the “*Guarantors*”) do hereby personally, unconditionally, individually, jointly and severally: (1) guarantee to Franchisor and to its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any modification or amendment to the Agreement) including the payment of all continuing license fees, marketing fees and all other fees and charges accruing pursuant to the Agreement and that each and every representation of Franchisee made in connection with the Agreement (and any modification or amendment to the Agreement) are true, correct and complete in all respects at and as of the time given; and (2) agree personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any modification or amendment to the Agreement).

Each of the Guarantors further agrees as follows:

1. The Guarantors, individually, jointly and severally, shall be personally bound by each and every condition and term contained in the Agreement as though each of the Guarantors had signed a franchise agreement containing the identical terms and conditions of the Agreement, including the provisions relating to confidentiality and non-competition covenants. This Guaranty shall continue in favor of Franchisor notwithstanding any extension, modification, or alteration of the Franchise Agreement, and notwithstanding any assignment of the Agreement, with or without the Franchisor’s consent. No extension, modification, alteration or assignment of the Agreement shall in any manner release or discharge the Guarantors, and each of the Guarantors consents to any extension, modification, alteration or assignment.

2. Each Guarantor’s liability under this Guaranty is primary and independent of the liability of Franchisee and any other Guarantors. Each Guarantor waives any right to require Franchisor to proceed against any other person or to proceed against or exhaust any security held by Franchisor at any time or to pursue any right of action accruing to Franchisor under the Agreement. Franchisor may proceed against each Guarantor and Franchisee jointly and severally or may, at its option, proceed against each Guarantor without having commenced any action, or having obtained any judgment, against Franchisee or any other Guarantor. Each Guarantor waives the defense of the statute of limitations in any action under this Guaranty or for the collection of any indebtedness or the performance of any obligation guaranteed pursuant to this Guaranty. Each Guarantor waives any right that the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability. Each Guarantor waives any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

3. The Guarantors unconditionally, individually, jointly and severally agree to pay all attorneys’ fees and all costs and other expenses incurred in any collection or attempted collection of this Guaranty or in any negotiations relative to the obligations guaranteed or in enforcing this Guaranty against Franchisee.

4. Each Guarantor waives notice of any demand by Franchisor, any notice of default in the payment of any amounts contained or reserved in the Agreement (and any modification or amendment to the Agreement), or any other notice of default or nonperformance of any obligations under the Agreement. Each Guarantor waives protest and notice of default to any party with respect to indebtedness, default or nonperformance of any obligations under the Agreement (and any modification or amendment to the Agreement).

Each Guarantor expressly agrees that the validity of this Guaranty and its obligations shall in no way be terminated, affected or impaired by reason of any waiver by Franchisor, or its successors or assigns, or the failure of Franchisor to enforce any of the terms, covenants or conditions of the Agreement or this Guaranty, or the granting of any indulgence or extension of time to Franchisee, all of which may be given or done without notice to the Guarantors.

5. This Guaranty shall extend, in full force and effect, to any assignee or successor of Franchisor and shall be binding upon the Guarantors and each of their respective successors and assigns.

6. Until all obligations of Franchisee to Franchisor have been paid or satisfied in full, the Guarantors have no remedy or right of subrogation and each Guarantor waives any right to enforce any remedy which Franchisor has or may in the future have against Franchisee and any benefit of, and any right to participate in, any security now or in the future held by Franchisor.

7. All existing and future indebtedness of Franchisee to each Guarantor is hereby subordinated to all indebtedness and other monetary obligations guaranteed in this Guaranty and, without the prior written consent of Franchisor, shall not be paid in whole or in part to any Guarantor, nor will any Guarantor accept any payment of or on account of any indebtedness while this Guaranty is in effect, unless at the time of this payment, all indebtedness and other monetary obligations to Franchisor are current under the terms of the Agreement.

8. Each Guarantor consents and agrees that the undersigned shall render any payment or performance required under this Guaranty and that the liability of each Guarantor shall be joint and several. This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may periodically grant to Franchisee or to any other person including the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable until satisfied in full.

9. Each Guarantor waives acceptance and notice of acceptance by Franchisor of the foregoing undertakings. Each Guarantor waives notice of any amendment to the Agreement.

10. Each Guarantor hereby acknowledges that Franchisor or its affiliates may perform inquiries into each Guarantor's credit history for purposes of enforcing or maintaining its rights under this Guaranty. Each Guarantor hereby authorizes, without reservation, all government agencies, institutions, information service bureaus, consumer reporting agencies, and other public records providers contacted by Franchisor or its affiliates to furnish such information upon request.

11. Each Guarantor agrees to complete an annual declaration of solvency.

You and your owners irrevocably submit to the jurisdiction of the courts of the State of Delaware in any suit, action or proceeding, arising out of or relating to this Guaranty or any other dispute between you and us, and you irrevocably agree that all claims in respect of any suit, action or proceeding must be brought and/or defended except with respect to matters that are under the exclusive jurisdiction of the federal courts of the United States of America, which shall be brought and/or defended in the federal

district court sitting in Salt Lake City, Delaware. You irrevocably waive, to the fullest extent you may lawfully do so, the defense of an inconvenient forum to the maintenance of this suit, action, or proceeding and agree that service of process for purposes of any suit, action, or proceeding need not be personally served or served within the State of Delaware, by certified mail or any other means permitted by law addressed to you at the address set forth herein. Nothing contained herein shall affect our rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought by us to enforce any judgment against you entered by a state or federal court.

< Signatures on following page >

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his/her signature to be effective as of [_____].

GUARANTORS

Signed:

Print Name:
[_____]

Signed:

Print Name:
[_____]

Signed:

Print Name:
[_____]

SCHEDULE 4
INVESTOR PERSONAL COVENANTS REGARDING
CONFIDENTIALITY & NON-COMPETITION

In conjunction with your investment in [_____], [_____] (“*Franchisee*”), you (“*Investor*” or “*you*”), acknowledge and agree as follows for the benefit of Sales Star Franchising USA, LLC, a Delaware corporation (“*SalesStar*”):

1. Franchisee owns and operates, or is developing, a SalesStar Business located or to be located at [_____] pursuant to a franchise agreement dated [_____] (“*Franchise Agreement*”) with SalesStar, which Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Franchise Agreement. All capitalized terms contained herein shall have the same meaning set forth in the Franchise Agreement.
2. You own or intend to own the percentage legal or beneficial ownership interest in Franchisee, set forth beneath your signature below, and acknowledge as set forth below your signature below and agree that your signing of this Agreement is a condition to such ownership interest and that you have received good and valuable consideration for signing this Agreement. SalesStar may enforce this Agreement directly against you and your Owners (as defined below).
3. If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you (“*Owners*”) must also sign this Agreement.
4. You and your Owners, if any, may gain access to parts of SalesStar’s Confidential Information (as defined in the Franchise Agreement) as a result of investing in Franchisee. The Confidential Information is proprietary and includes SalesStar’s Trade Secrets (as defined in the Franchise Agreement). You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in Franchisee and thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or your Owners cease to have an interest in Franchisee, you and your Owners, if any, must deliver to SalesStar any Confidential Information in your or their possession or control.
5. During the term of the Franchise Agreement and during such time as you and your Owners, if any, have any legal or beneficial ownership interest in Franchisee, you and your Owners, if any, agree that you and they will not, without SalesStar’s written consent (which consent may be withheld at SalesStar’s discretion) directly or indirectly (such as through an affiliate or through your or their immediate families) own any legal or beneficial interest in, or render services or give advice in connection with: (a) any Competitive Business (as defined in the Franchise Agreement) located anywhere; or (b) any entity located anywhere which grants franchises, or licenses to others to operate any Competitive Business.
6. For a period of one year, starting on the earlier to occur of the date you or your Owners cease to have any legal or beneficial ownership interest in Franchisee and the effective date of termination or expiration (without renewal) of the Franchise Agreement, neither you nor any of your Owners directly or indirectly (such as through an Affiliate or through you or their immediate families) solicit

any client of SalesStar, whether your former client or a client of any SalesStar Business or a client of the Franchisor or any of its Affiliates; and (b) recruit or hire any person who is an employee of ours or of any SalesStar Business operated by us, our Affiliates or any franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason. For purposes of this provision, a "client" is defined as any person or entity that has engaged the services of any SalesStar entity or business within the last 12 months..

7. You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit these skills in other ways, so that enforcement of the covenants contained in Paragraphs 5 and 6 above will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforceable to the fullest extent permissible under applicable law and public policy. In addition to relief as may be available at equity or law, SalesStar may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You and each of your Owners acknowledge that any violation of Paragraphs 4, 5, or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If SalesStar files a claim to enforce this Agreement and prevails in such proceeding, you must reimburse SalesStar for all its costs and expenses, including reasonable attorneys' fees.
8. This agreement does not supersede or cancel any prior understandings and agreements you and your Owners had with respect to these matters, including any provision of the Franchise Agreement and any agreement previously entered into with SalesStar or its affiliates pertaining to confidentiality. You and your Owners have read this agreement thoroughly, understand it, and sign it freely and voluntarily.

< Signatures on following page >

IN WITNESS WHEREOF, the undersigned have signed this Agreement on the date first above written.

INVESTOR

OWNERS

Signed: _____
Print Name: _____

Signed: _____
Print Name: _____

Ownership Percentage: _____%

Signed: _____
Print Name: _____

Signed: _____
Print Name: _____

SCHEDULE 5

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

*[**Important Instructions for Completing this Form:** Before we can process your Franchise Agreement, you must sign and return this authorization. If, at the time you sign your Franchise Agreement, you do not have your account set up, or if you do not yet know your account information, please show that you agree to the terms of this authorization by signing this form, leaving the account information blank, and returning the signed form with your Franchise Agreement. You can give us your account information when you receive it, but we must have the information before you open your Business. If you have any questions about what this form means, you should get advice from your lawyer, your accountant or your bank.]*

Your Name (or name of legal entity on Franchise Agreement): [_____]

Your Social Security Number (or legal entity Federal Tax ID Number): _____

Name on Bank Account (if different than above): _____

The undersigned (“**Account Holder**”) hereby authorizes Sales Star Franchising USA, LLC, a Delaware corporation (“**Company**”) to initiate debit entries and/or credit correction entries to Account Holder’s checking and/or savings account(s) listed below at the bank, credit union or other depository listed below (“**Bank**”) and to debit this account per Company’s instructions for any and all amounts due to Company. The Account Holder understands that all amounts debited from the account below will be credited to Company’s account.

NAME OF BANK	Branch	
City	State	Zip Code
Telephone Number of Bank	Contact Person at Bank	
Bank Transit/ABA Number	Account Number	

This authority is to remain in effect until Bank has received joint written notice from Company and Account Holder of the Account Holder’s termination. Any termination notice must be given in a way as to give Bank a reasonable opportunity to act on it. If a debit entry is initiated to Account Holder’s account in error, Account Holder shall have the right to have the amount of the error credited to the account by Bank, if (a) within 15 calendar days following the date on which Bank sent to Account Holder a statement of account or a written notice regarding this entry or (b) 45 days after posting, whichever occurs first, Account Holder shall have sent to Bank a written notice identifying this entry, stating that this entry was in error and requesting Bank to credit the amount thereof to this account. These rights are in addition to any rights Account Holder may have under federal and state banking laws.

[_____] ,
[_____]

By: _____
Print Name: [_____]

Title: _____

Date: _____

SCHEDULE 6
STATE-SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENT

The following modifications may supersede certain portions of the Franchise Agreement dated [_____].

The following states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, Tit. 6, Ch. 25, Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. 815 ILCS 705/19 and 705/20], INDIANA [Stat. Sections 23-2-2.7 and 23-2-2.5], IOWA [Code Sections 523H.1-523H.17], MARYLAND [Maryland Franchise Registration and Disclosure Law, MD. Code Ann., Bus. Reg. Sections 14-201 to 14-233 (2004 Repl. Vol.)], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56.10-1], SOUTH DAKOTA [Codified Laws Section 37-5B-51], VIRGINIA [Code 13.1-517-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the FDD.

Neither we, nor any person or franchise broker disclosed in Item 2 the FDD 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 this association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you 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.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

The following paragraph is added to Item 19 of the Franchise Disclosure Document:

The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the net sales or gross sales figure to obtain your net income or net profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.

SalesStar's Uniform Resource Locator ("URL") address for locating its internet website is: www.salesstar.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

THE CALIFORNIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF CALIFORNIA OR WHO LOCATE THEIR FRANCHISES IN CALIFORNIA.

HAWAII

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

This renewal registration is not currently effective in any state.

This proposed registration is on file with or will shortly be on file with the States of no states.

An Application/Notice of Exemption is on file or will shortly be on file with no states.

There are no states which have revoked or suspended the right to offer these franchises.

2. The Franchise Agreement has been amended as follows:

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 2.C, 13, and 14 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

Sections 2.C and 13.C(vii) of the Franchise Agreement require franchisee to sign a general release as a condition of renewal and transfer of the franchise; this release shall exclude claims arising under the Hawaii Franchise Investment Law.

Section 14.A(ii) of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

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

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

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 BEFORE THE SIGNING BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE 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.

THE HAWAII SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF HAWAII OR WHO LOCATE THEIR FRANCHISES IN HAWAII.

ILLINOIS

THE FRANCHISE AGREEMENT STATES THAT YOU MUST MEET CERTAIN MINIMUM PERFORMANCE SALES REQUIREMENTS. IF YOU DO NOT MEET THESE REQUIREMENTS YOUR FRANCHISE AGREEMENT CAN BE TERMINATED BY SalesStar. This provision may be affected by Illinois Law, 815 ILCS §§ 705/4 and 705/41.

Item 17 of the Disclosure Document and Sections 2.C and 14.A of the Franchise Agreement are amended, if required by law, to state:

“The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, 815 ILCS §§ 705/19 and 705/20.”

Item 17 of the Disclosure Document and Sections 18 and 19.E of the Franchise Agreement and any other choice of law, venue and jurisdictions provisions in the Franchise Agreement are amended, if required by law, to include the following:

“Provisions regarding jurisdiction and venue and choice of law may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41, respectively.”

“Notwithstanding anything in this Agreement to the contrary, UNLESS GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN COMPANY AND FRANCHISEE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, EXCEPT THAT (A) THE DELAWARE BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS OR (3) BUSINESS OPPORTUNITIES, SHALL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH; and (B) THE ENFORCEABILITY OF THOSE PROVISIONS OF THIS AGREEMENT WHICH RELATE TO RESTRICTIONS ON YOUR COMPETITIVE ACTIVITIES WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH YOUR BUSINESS IS LOCATED.”

SPECIFICALLY, PROVISIONS REGARDING JURISDICTION AND VENUE AND CHOICE OF LAW MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS §§ 705/4 AND 705/41, RESPECTIVELY, AND RULE SECTION 200.608 OF THE RULES AND REGULATIONS PROMULGATED PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT.”

No provision in the Disclosure Document or Franchise Agreement shall be construed to mean that you may not rely on representations in the SalesStar Disclosure Document that we provided to you in connection with the offer and purchase of your franchise.

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

THE ILLINOIS SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF ILLINOIS OR WHO LOCATE THEIR FRANCHISES IN ILLINOIS.

MARYLAND

The Disclosure Document is amended to state:

“SalesStar has not registered the trademark, servicemark/logo in the State of Maryland. You must register the name “SalesStar Association” as a dba for the entity operating the franchise in the state where the franchise marketing area is located.”

Item 17 of the Disclosure Document and Sections 2.C(ii) and 13.C(vii) of the Franchise Agreement are amended to state:

“Any release signed in connection with the Franchise Agreement is not intended to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

The Disclosure Document and Sections 18 and 19.E of the Franchise Agreement are amended to state:

“Notwithstanding anything in this Agreement to the contrary, UNLESS GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN YOU AND US WILL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, EXCEPT THAT THE DELAWARE BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS, OR (3) BUSINESS OPPORTUNITIES, WILL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH. YOU MAY BRING A LAWSUIT IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.”

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

“Any limitation of claims provisions shall not act to reduce the three year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.”

The Disclosure Document and Franchise Agreement are amended as follows:

“Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of Maryland or requiring the application of the laws of another state is void with respect to a claim arising under the Maryland Franchise Registration and Disclosure Law.”

“Any claims under the Maryland Franchise Registration and Disclosure law may be brought in the State of Maryland.”

“Pursuant to COMAR 02.02.0816L, the general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

“Any provision in the Disclosure Document or Franchise Agreement or the agreements attached as appendices that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

“Your acknowledgement and 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.”

THE MARYLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MARYLAND OR WHO LOCATE THEIR FRANCHISES IN MARYLAND.

MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.

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

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

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.

(e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ESCROW REQUIREMENTS (IF ANY): _____

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

THE MICHIGAN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR WHO LOCATE THEIR FRANCHISES IN MICHIGAN.

MINNESOTA

If required by law, the Disclosure Document and Franchise Agreement, are modified as follows:

Any release signed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes; provided, however that this shall not bar the voluntary settlement of disputes.

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statutes Sec. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specific cases, that we give you 90 days notice of

termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. If Franchisor fails to give notice, the Franchise Agreement shall remain in effect from month to month until Franchisor has given the required notice.

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

Minnesota Rule 2860.4400J also prohibits us from asking you to consent to the Franchisor obtaining injunctive relief. We may merely seek injunctive relief. Also, it is up to a court to determine if a bond is required.

Provided that you are in compliance with the terms and conditions of the Franchise Agreement, we will comply with Minnesota Statutes Sec. 80C.12, Subd.1(g) which requires that the franchisor protect the franchisee's right to use the trademarks, service marks, tradenames, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

We will also comply with the requirements of Minnesota Statutes Sec. 80C.17, Subd. 5, which requires that any action commenced under Section 80C.17 be commenced within 3 years after the cause of action accrues.

THE MINNESOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MINNESOTA OR WHO LOCATE THEIR FRANCHISES IN MINNESOTA.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE

THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 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 the "Summary" sections of Item 17(c), titled "**Requirements for a franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**,” and Item 17(w), titled “**Choice of law**”:

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

THE NEW YORK SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR WHO LOCATE THEIR FRANCHISES IN NEW YORK.

NORTH DAKOTA

Sections of the Disclosure Document and Franchise Agreement providing for resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law.

Sections of the Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law.

Sections of the Disclosure Document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law.

Sections of the Disclosure Document and Franchise Agreement stipulating that you shall pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be

enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law.

Sections of the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law.

Sections of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law.

THE NORTH DAKOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NORTH DAKOTA OR WHO LOCATE THEIR FRANCHISES IN NORTH DAKOTA.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The Disclosure Document and Franchise Agreement are amended accordingly if required by law.

THE RHODE ISLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF RHODE ISLAND OR WHO LOCATE THEIR FRANCHISES IN RHODE ISLAND.

VIRGINIA

Pursuant to § 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

THE VIRGINIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF VIRGINIA OR WHO LOCATE THEIR FRANCHISES IN VIRGINIA.

WASHINGTON

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

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

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

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

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

THE WASHINGTON SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WASHINGTON OR WHO LOCATE THEIR FRANCHISES IN WASHINGTON.

WISCONSIN

Item 17 of the Disclosure Document is amended to add the following:

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

THE WISCONSIN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WISCONSIN OR WHO LOCATE THEIR FRANCHISES IN WISCONSIN.

< Signatures on following page >

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated [_____], and of the Franchise Disclosure Document. Except in the State of Maryland, this State Addenda applies only if required by applicable state law.

FRANCHISOR:

Sales Star Franchising USA, LLC,
a Delaware corporation

By: _____

Print Name: _____

[_____]

Title: President and CEO

FRANCHISEE:

[_____] ,
[_____]

By: _____

Print Name: _____

[_____]

Title: _____

OWNERS/MANAGERS:

By: _____

Print Name: [_____]

By: _____

Print Name: [_____]

By: _____

Print Name: [_____]

DATED [_____].

***(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY
FRANCHISEE)***

Exhibit D

SALESSTAR OPERATIONS MANUAL TABLE OF CONTENTS

SALESSTAR OPERATIONS MANUAL

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Exhibit E
FINANCIAL STATEMENTS

THE FOLLOWING INTERIM FINANCIALS, DATED APRIL 30, 2024, ARE UNAUDITED AND, THEREFORE, HAVE NOT BEEN EXAMINED AND VERIFIED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT.

Management Accounts ending 30th of April 2024 (Not Audited)

Income Statement (Profit and Loss)

Sales Star Franchising USA, LLC
For the 4 months ended April 30, 2024

JAN-APR 2024

Income	
Franchise Initial Fee	137,500.00
Total Income	137,500.00
Cost of Goods Sold	
Management Fee	112,500.00
Total Cost of Goods Sold	112,500.00
Gross Profit	25,000.00
Operating Expenses	
Accounting Fees	6,038.00
Bank Charges	199.90
Bookkeeping Fees	595.89
Entertainment Restaurant	(13.60)
Insurance	888.72
Legal Fees	50.83
Marketing Expense	6,203.33
Postage and Freight Paid	1.10
Rent	298.00
Website Expenses	155.97
Total Operating Expenses	14,418.14
Operating Income	10,581.86
Net Income	10,581.86

Balance Sheet

Sales Star Franchising USA, LLC

As of April 30, 2024

APR 30, 2024

Assets

Current Assets

Cash and Cash Equivalents

SalesStar Franchising USA	24,916.45
Total Cash and Cash Equivalents	24,916.45

Other Prepayments	129.17
Prepaid Insurance	(444.81)
Sales Star Ltd Loan	27,608.98
Sales Star USA Loan	(67,926.78)
Total Current Assets	(15,716.99)

Total Assets	(15,716.99)
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Liabilities and Equity

Liabilities

Current Liabilities

Trade Creditors	6,280.61
Total Current Liabilities	6,280.61

Total Liabilities	6,280.61
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Equity

Current Year Earnings	10,581.86
Retained Earnings	(32,579.46)
Total Equity	(21,997.60)

Total Liabilities and Equity	(15,716.99)
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**Davies, Goldstein
& Associates CPA's PLLC**
Certified Public Accountants

Davies, Goldstein and Associates CPA's PLLC consents to the use in the Franchise Disclosure Document issued by Sales Star Franchising USA, LLC ("Franchisor") on April 30, 2024, as it may be amended, of our report dated April 11, 2024, relating to the financial statements of the Franchisor as of December 31, 2023.

Davies, Goldstein & Associates, CPA's PLLC

Davies, Goldstein and Associates CPA's PLLC
April 30, 2024

Sales Star Franchising USA, LLC

Audited Financial Statements

December 31, 2023

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**Davies, Goldstein
& Associates CPA's PLLC**
Certified Public Accountants

Independent Auditors' Report

To the Management of Sales Star Franchising USA, LLC

Opinion

We have audited the accompanying financial statements of Sales Star Franchising USA, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of income 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 Sales Star Franchising USA, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

JAMES GOLDSTEIN ASSOCIATES, CPA'S PLLC

Matthews, North Carolina

April 11, 2024

Sales Star Franchising USA, LLC
Balance Sheet
December 31, 2023

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 35,530
Receivables from Related Parties	37,209
Prepaid Expenses	<u>494</u>
Total Current Assets	<u>73,233</u>

TOTAL ASSETS

\$ 73,233

LIABILITIES & MEMBER'S EQUITY

Current Liabilities

Accounts Payable	<u>105,813</u>
Total Current Liabilities	<u>105,813</u>
Total Liabilities	<u>105,813</u>

Member's Equity

(32,580)

TOTAL LIABILITIES & MEMBER'S EQUITY

\$ 73,233

Sales Star Franchising USA, LLC
Income Statement
For the Year Ended December 31, 2023

Income

Franchise Initial Fee	\$ 100,000
Less: Direct Cost of Sales	<u>(8,500)</u>
Net Franchise Initial Fee Income	91,500

Operating Expenses

Management Fees	91,500
Marketing	19,102
Professional Services	9,466
General and Administrative	3,293
Insurance	<u>719</u>
Total Expenses	124,080

Net Loss \$ (32,580)

Member's Equity, Beginning of Year	\$ -
Net Loss	<u>(32,580)</u>
Member's Equity, End of Year	<u><u>\$ (32,580)</u></u>

Sales Star Franchising USA, LLC
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from operating activities:		
Net Loss		\$ (32,580)
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Increase in Receivables from Related Parties	(37,209)	
Increase in Prepaid Expenses	(494)	
Increase accounts payable	<u>105,813</u>	
Net cash provided by operating activities		<u>35,530</u>
		<u>35,530</u>
Net change in cash and cash equivalents		35,530
Cash and Cash Equivalents, January 1st		<u>-</u>
Cash and Cash Equivalents, December 31st		<u><u>\$ 35,530</u></u>

Sales Star Franchising USA, LLC
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Organization and Business

Sales Star Franchising USA, LLC (the “Company”) is a Delaware Limited Liability Company headquartered in Charlotte, North Carolina. The Company is a wholly owned subsidiary of Sales Star USA, Inc. and functions as the sales arm of the master franchisor operations of the Sales Star franchise brand in the United States. The Company does not have any dedicated employees and commenced operations in March 2023.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a bank deposit account. As of December 31, 2023, the Company’s cash balances did not exceed Federal Deposit Insurance Corporation limits. The carrying amount approximates fair value because of the short-term nature of the instruments.

Revenue Recognition

The Company recognizes revenue in accordance with FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606). The terms of the current Franchise Disclosure Document require franchisees to pay the Company an initial franchise fee in exchange for the Company’s assistance in training, manuals, systems, and other professional sales coaching, all of which are provided by the parent company, Sales Star USA, Inc. Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. Further clarification was provided in ASU 2021-02 *Franchisors – Revenue from Contracts with Customers* which allows private companies a practical expedient in determining the amount and timing of revenue recognition for pre-opening activities. Using this method, all of the performance obligations are met at the time of contract signing. The fee is nonrefundable. At that time the Company is obligated to pay the fees in excess of direct selling costs to the parent company, Sales Star USA, Inc., who is responsible for all future obligations to the franchisee including training and ongoing support under the operating agreement between the 2 entities. As such, all of the initial franchise fee is recognized at the time of signing. One franchise signed in December 2023.

Royalty fees equal to 10% and centralized service fees of 5% of the franchisee’s gross revenue are remitted monthly. No such fees were recorded in 2023 as the franchisee contract did not begin until mid-December.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Sales Star Franchising USA, LLC
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 - Income Taxes

The Company has elected to be treated as a limited liability corporation for income tax reporting purposes. In a limited liability company, the individual members report and pay income taxes on their tax returns. The Company does not generally pay income taxes. As a result, no provision for income taxes has been included in these financial statements.

The Company follows ASC 740-10 as it relates to uncertain tax positions for the year ended December 31, 2023 and has evaluated its tax positions taken for all open tax years for filings with the Internal Revenue Service and the state jurisdiction of North Carolina where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 4 - Subsequent Events

In preparing these financial statements in accordance with Accounting Standards Codification No. 855 – Subsequent Events, the Company has evaluated events and transactions for potential recognition or disclosure through April 11, 2024, the date the financial statements were available to be issued. The Company has no knowledge of significant subsequent events as of this date that would require adjustment to or disclosure in the financial statements.

Note 5 – Related Party Transactions

As noted above, the Company is a wholly owned subsidiary of Sales Star USA, Inc. (a Delaware Corporation) which is a subsidiary of Sales Star Limited (a New Zealand Limited Liability Company). Sales Star USA, Inc. is the operating company that provides ongoing services to the franchisees. As a result, the Company has financial transactions with Sales Star USA, Inc. and Sales Star Limited in the normal course of business. As of December 31, 2023, the Company had a receivable balance of \$15,694 and \$20,848 from Sales Star Limited and Sales Star USA, Inc., respectively. Included in accounts payable as of December 31, 2023 is \$91,500 due to Sales Star USA, Inc. for management fees related to the initial franchise fees received.

Exhibit F

**STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND
FRANCHISE AGREEMENT**

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the SalesStar Franchise Disclosure Document and may supersede certain portions of any Franchise Agreement contemplated thereby.

The following states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, Tit. 6, Ch. 25, Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. 815 ILCS 705/19 and 705/20], INDIANA [Stat. Sections 23-2-2.7 and 23-2-2.5], IOWA [Code Sections 523H.1-523H.17], MARYLAND [Maryland Franchise Registration and Disclosure Law, MD. Code Ann., Bus. Reg. Sections 14-201 to 14-233 (2004 Repl. Vol.)], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56.10-1], SOUTH DAKOTA [Codified Laws Section 37-5B-51], VIRGINIA [Code 13.1-517-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

Provisions in the Franchise Agreement that provide for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

CALIFORNIA

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

Neither we, nor any person or franchise broker disclosed in Item 2 of the FDD 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 this association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you 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.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

The following paragraph is added to Item 19 of this Franchise Disclosure Document:

The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figure to obtain your net income or net profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.

SalesStar's Uniform Resource Locator ("**URL**") address for locating its internet website is: www.salesstar.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

THE CALIFORNIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF CALIFORNIA OR WHO LOCATE THEIR FRANCHISES IN CALIFORNIA.

HAWAII

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

This renewal registration is not currently effective in any state.

This proposed registration is on file with or will shortly be on file with no states.

An Application/Notice of Exemption is on file or will be shortly on file with no states.

There are no states which have revoked or suspended the right to offer these franchises.

2. The Franchise Agreement has been amended as follows:

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 2.C, 13 and 14 contain a provision that

is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

Sections 2.C(ii) and 13.C(vii) of the Franchise Agreement require you to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

Section 13.A of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

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

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE SIGNING BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE 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 FRANCHISE 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.

THE HAWAII SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF HAWAII OR WHO LOCATE THEIR FRANCHISES IN HAWAII.

ILLINOIS

THE FRANCHISE AGREEMENT STATES THAT YOU MUST MEET CERTAIN MINIMUM PERFORMANCE SALES REQUIREMENTS. IF YOU DO NOT MEET THESE REQUIREMENTS YOUR FRANCHISE AGREEMENT CAN BE TERMINATED BY SALESSTAR. This provision may be affected by Illinois Law, 815 ILCS §§ 705/4 and 705/41.

Item 17 of the Disclosure Document and Sections 2.C and 14.A of the Franchise Agreement are amended, if required by law, to state:

“The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, 815 ILCS §§ 705/19 and 705/20.”

Item 17 of the Disclosure Document and Sections 17 and 18.D and any other choice of law, venue and jurisdictions provisions in the Franchise Agreement are amended, if required by law, to include the following:

“Provisions regarding jurisdiction and venue and choice of law may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41, respectively.”

“Notwithstanding anything in this Agreement to the contrary, EXCEPT IF GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN COMPANY AND FRANCHISEE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, EXCEPT THAT (A) THE DELAWARE BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS OR (3) BUSINESS OPPORTUNITIES, SHALL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH; and (B) THE ENFORCEABILITY OF THOSE PROVISIONS OF THIS AGREEMENT WHICH RELATE TO RESTRICTIONS ON YOUR COMPETITIVE ACTIVITIES WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH YOUR BUSINESS IS LOCATED.”

SPECIFICALLY, PROVISIONS REGARDING JURISDICTION AND VENUE AND CHOICE OF LAW MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS §§ 705/4 AND 705/41, RESPECTIVELY, AND RULE SECTION 200.608 OF THE RULES AND REGULATIONS PROMULGATED PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT.”

No provision in the Disclosure Document or Franchise Agreement shall be construed to mean that you may not rely on representations in the SalesStar Disclosure Document that we provided to you in connection with the offer and purchase of your franchise.

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

THE ILLINOIS SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF ILLINOIS OR WHO LOCATE THEIR FRANCHISES IN ILLINOIS

MARYLAND

The Disclosure Document is amended to state:

“SalesStar has not registered the trademark, servicemark/logo in the State of Maryland. You must register the name “SalesStar Association” as a dba for the entity operating the franchise in the state where the franchise marketing area is located.”

Item 17 of the Disclosure Document and Sections 2.C(ii) and 13.C(viii) of the Franchise Agreement are amended to state:

“Any release signed in connection with the Franchise Agreement is not intended to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

The Disclosure Document and Sections 17 and 18.D of the Franchise Agreement are amended to state:

“Notwithstanding anything in this Agreement to the contrary, EXCEPT IF GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW OR MATTERS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW WHICH SHALL BE GOVERNED THEREBY, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN YOU AND US WILL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, EXCEPT THAT THE DELAWARE BUSINESS OPPORTUNITY DISCLOSURE ACT AND ANY OTHER STATE LAW RELATING TO (1) THE OFFER AND SALE OF FRANCHISES, (2) FRANCHISE RELATIONSHIPS, OR (3) BUSINESS OPPORTUNITIES, WILL NOT APPLY UNLESS THE APPLICABLE JURISDICTIONAL

REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH. YOU MAY BRING A LAWSUIT IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.”

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

“Any limitation of claims provisions shall not act to reduce the three year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.”

The Disclosure Document and Franchise Agreement are amended as follows:

“Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of Maryland or requiring the application of the laws of another state is void with respect to a claim arising under the Maryland Franchise Registration and Disclosure Law.”

“Any claims under the Maryland Franchise Registration and Disclosure law may be brought in the State of Maryland.”

“Pursuant to COMAR 02.02.0816L, the general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

“Any provision in the Disclosure Document or Franchise Agreement or the agreements attached as appendices that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law is not intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

“Your acknowledgement and 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.”

THE MARYLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MARYLAND OR WHO LOCATE THEIR FRANCHISES IN MARYLAND.

MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise before the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.
- (e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising

a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ESCROW REQUIREMENTS (IF ANY): _____

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

THE MICHIGAN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR WHO LOCATE THEIR FRANCHISES IN MICHIGAN.

MINNESOTA

If required by law, the Disclosure Document and Franchise Agreement are modified as follows:

Any release signed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes; provided, however that this shall not bar the voluntary settlement of disputes.

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statutes Sec. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specific cases, that we give you 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. If Franchisor fails to give notice, the Franchise Agreement shall remain in effect from month to month until Franchisor has given the required notice.

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

Minnesota Rule 2860.4400J also prohibits us from asking you to consent to the Franchisor obtaining injunctive relief. We may merely seek injunctive relief. Also, it is up to a court to determine if a bond is required.

Provided that you are in compliance with the terms and conditions of the Franchise Agreement, we will comply with Minnesota Statutes Sec. 80C.12, Subd.1(g) which requires that the franchisor protect the franchisee's right to use the trademarks, service marks, tradenames, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

We will also comply with the requirements of Minnesota Statutes Sec. 80C.17, Subd. 5, which requires that any action commenced under Section 80C.17 be commenced within 3 years after the cause of action accrues.

THE MINNESOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MINNESOTA OR WHO LOCATE THEIR FRANCHISES IN MINNESOTA.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 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 the “Summary” sections of Item 17(c), titled “**Requirements for a franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

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

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

THE NEW YORK SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR WHO LOCATE THEIR FRANCHISES IN NEW YORK.

NORTH DAKOTA

Sections of the Disclosure Document and Franchise Agreement providing for resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law.

Sections of the Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law.

Sections of the Disclosure Document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law.

Sections of the Disclosure Document and Franchise Agreement stipulating that you shall pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly if required by law.

Sections of the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law.

Sections of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended if required by law.

THE NORTH DAKOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NORTH DAKOTA OR WHO LOCATE THEIR FRANCHISES IN NORTH DAKOTA.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The Disclosure Document and Franchise Agreement are amended accordingly if required by law.

THE RHODE ISLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF RHODE ISLAND OR WHO LOCATE THEIR FRANCHISES IN RHODE ISLAND.

VIRGINIA

Pursuant to § 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

THE VIRGINIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF VIRGINIA OR WHO LOCATE THEIR FRANCHISES IN VIRGINIA.

WASHINGTON

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

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

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when

executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ____ day of _____ 20__.

FRANCHISOR:

THE WASHINGTON SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WASHINGTON OR WHO LOCATE THEIR FRANCHISES IN WASHINGTON.

WISCONSIN

Item 17 of the Disclosure Document is amended to add the following:

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

THE WISCONSIN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WISCONSIN OR WHO LOCATE THEIR FRANCHISES IN WISCONSIN.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Disclosure Document. Except in the State of Maryland, this State Addenda applies only if required by applicable state law.

DATED this _____ day of _____, 20__.

FRANCHISOR:

Sales Star Franchising USA, LLC

By: _____

Title: _____

FRANCHISEE

By: _____

Title: _____

By: _____

Title: _____

**(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY
FRANCHISEE)**

Exhibit G
DEFINITIONS

DEFINITIONS

The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in the Franchise Agreement in the context in which they arise.

“Affiliate” – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term **“control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

“Affiliate-owned Franchise” – A SalesStar Franchise which an Affiliate of ours operates and in which we or our Affiliate owns a controlling interest.

“Alternative Approved Vendor” – Any supplier who has been proposed by you or by another franchisee to sell you any equipment, tools, materials or products and who has been approved by us to do so in accordance with the terms of this Agreement.

“Approved Vendor” – Any supplier, including us, an Affiliate of ours or an independent third party, whom we authorize to sell you any equipment, tools, materials or products.

“Coach or Coaches” – those certified through the SalesStar Certification process to deliver SalesStar Products and Services to clients.

“Competitive Business” - Any business providing sales coaching, training, assessment, consulting and general advisory services or any franchisor or licensor of the same.

“Confidential Information” – Our proprietary and confidential information relating to the development and operation of SalesStar Franchise, including: (1) Operations Manual, Training Program Manual, and other manuals given to you, your Owners and business partners, and your Franchise Personnel; (2) our proprietary method and processes for strategic sales consulting with sales training and coaching; (3) sales, marketing, and advertising programs and techniques for SalesStar Franchises; (5) identity of suppliers and knowledge of specifications, processes, procedures, and equipment, and pricing of services; (6) knowledge of operating results and financial performance of SalesStar Franchises, other than the SalesStar Franchise you own; (7) computer systems and software programs used or useful in SalesStar Franchise including, without limitation, mobile applications; and (9) any and all other information that we provide you that is labeled or considered proprietary or confidential or which would generally be regarded as confidential in our industry.

“SalesStar Franchise” or **“Franchise”** – A Franchise that provides strategic sales consulting with sales training and coaching services using a proprietary method and process designated by SalesStar.

“Designated Vendor” – Any vendor, including us, an Affiliate of ours or an independent third party, whom we authorize to sell you any equipment, tools or other materials or products.

“Marks” – The trademarks, trade names, service marks, logos and other commercial symbols which we authorize franchisees to use to identify SalesStar Products and/or services offered by SalesStar Franchises, including the trademark and service mark SalesStar and the trade dress and the goodwill associated therewith; provided that we have the right to modify and/or discontinue the use of these trademarks, trade names, service marks, logos and other commercial symbols and the Trade Dress, and establish, in the future, additional or substitute trademarks, trade names, service marks, logos, commercial symbols or Trade Dress.

“Gross Revenue” – The total of all receipts derived from any source related to, or in connection with, the operation of a SalesStar Franchise. Without limiting the generality of the foregoing, this definition includes the following:

- all revenue accrued from the performance of services and the sale of products in, at, upon, about, through or from the Franchise, online or any other marketplace;
- all forms of consideration, including, without limitation, cash, credit (regardless of collection), payment in kind, fair market value for any service or product you receive in barter or exchange for your services, and any other type of benefit, value or remuneration that you receive (or defer to receive in the future); and
- insurance proceeds and/or condemnation awards for loss of sales, profits or business.

Notwithstanding the foregoing, "Gross Revenues" shall not include revenues from any sales taxes or other add on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, gratuities paid by customers to Franchisee's employees, the amount of cash refunds to customers, customer discounts, manager-authorized and/or customer loyalty program discounts, allowances and charge-backs the Franchisee in good faith gives to customers.

“Operating Partner” – The individual designated in Schedule 2 to the Franchise Agreement and any replacement thereof approved by us.

“Operations Manual” – All information for the development, establishment and operation of a SalesStar Franchise which contains any mandatory or suggested standards, specifications or operating procedures, whether such information is communicated in writing and/or electronically (such as in bulletins, updates, guidelines, newsletters, emails, videotapes, audio tapes, compact discs, computer diskettes, CD-ROMs, presentations, limited access intranet sites, portable storage media, and alternative or supplemental means of communicating information by other media), all as supplemented and amended periodically.

“Owner” – Each entity or person owning directly or beneficially 10% or more of the ownership interests in you. If any Owner within the scope of this definition is itself an entity (including an Owner that is an Owner because of this sentence), the term “Owner” also includes Owners (as defined in the preceding sentence) in such entity. It is the intent of this

definition to “trace back” and include within the definition of Owner all natural persons owning the requisite interests to qualify as Owners.

“Personnel” – All persons employed or contracted by you in connection with the development, management, or operation of your Franchise.

“System,” “System Standards” or “SalesStar System” – The business formats, signs, equipment, methods, procedures, designs, layouts, specifications, and arrangements for developing and operating SalesStar Franchises, which include the Marks, Trade Dress, training procedures, equipment, tools, products and materials, as well as, the method and process of strategic sales consulting with sales training and coaching, and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify periodically.

“Your Franchise” – The SalesStar Franchise operated by you under a Franchise Agreement.

Exhibit H

STATE EFFECTIVE DATES & RECEIPTS

State Effective Dates

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

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

State	Effective Date

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

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If SalesStar offers you a franchise, SalesStar must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, SalesStar or an Affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

New York and Rhode Island law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Washington requires that we give you this Disclosure Document at least 14 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If SalesStar 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state administrator listed in Exhibit A.

The name, principal business and telephone number of the franchise sellers offering the franchise are:

Cassandra Marez, Vice President, USA Operations. 13016 Eastfield Road Ste B200 #203, Huntersville, NC 28078, Phone (704) 270 6596.

Issuance Date: April 30, 2024

SalesStar authorizes the agent listed in Exhibit A to receive service of process for SalesStar in your state.

I received a Disclosure Document dated June 15, 2024 as indicated above that included the following Exhibits:

<u>Exhibit A</u>	Schedule of State Administrators and Agents For Service of Process
<u>Exhibit B</u>	List of Franchisees and Former Franchisee
<u>Exhibit C</u>	SalesStar Franchise Agreement, including the following Exhibits:
	<u>Schedule 1</u> Acknowledgement Addendum
	<u>Schedule 2</u> Ownership Addendum
	<u>Schedule 3</u> Guaranty

	<u>Schedule 4</u>	Investor Personal Covenants Regarding Confidentiality & Non-Competition
	<u>Schedule 5</u>	Authorization Agreement For Prearranged Payments
	<u>Schedule 6</u>	State Specific Addenda
<u>Exhibit D</u>		SalesStar Operations Manual Table of Contents
<u>Exhibit E</u>		Financial Statements
<u>Exhibit F</u>		State Specific Addenda
<u>Exhibit G</u>		Definitions
<u>Exhibit H</u>		Receipts

Date: _____

Date: _____

Signature of Prospective Franchisee

Signature of Prospective Franchisee

Print Name: _____

Print Name: _____

[OUR COPY]

RECEIPT

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<u>Exhibit F</u>		State Specific Addenda
<u>Exhibit G</u>		Definitions
<u>Exhibit H</u>		Receipts

Date: _____

Date: _____

Signature of Prospective Franchisee

Signature of Prospective Franchisee

Print Name: _____

Print Name: _____

[YOUR COPY]