

# FRANCHISE DISCLOSURE DOCUMENT

## MICRO-FRANCHISE BUSINESS



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**Structural Elements Franchising, LLC**  
**Franchise Sales Office**  
**8001 Forbes Place, #211**  
**Springfield, Virginia 22151**

The franchise offered is for a micro-franchise business ("Micro-Franchise Business"). The "Micro-Franchisee" is a practitioner that provides to clients from Structural Elements clinics established and operated by our unit franchisees orthopedic and healthcare services utilizing a blend of Eastern and Western treatment modalities to promote whole-body wellness, longevity, and performance, which may include manual therapy, soft tissue work, acupuncture/dry needling, exercise and recovery services, lab tests, health coaching, physician services and other modalities approved by us (the "Methods").

The total investment necessary to begin operation of a Micro-Franchise Business is from \$11,116 to \$23,250. This includes \$2,916 to \$7,500 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our franchise sales office at 8001 Forbes Place, #211, Springfield, Virginia 22151 or via email at [susan@structuralelements.com](mailto:susan@structuralelements.com).

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

Buying a franchise is a complex investment. The information in this disclosure document can help

you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 18, 2025

## How to Use This Franchise Disclosure Document

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

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

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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 arbitration or litigation only in Maryland. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with franchisor in Maryland than in your own state.
2. **Mandatory Minimum Payment.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **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.

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.

**STRUCTURAL ELEMENTS  
MICRO-FRANCHISE BUSINESS  
FRANCHISE DISCLOSURE DOCUMENT**

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

The Franchisor

To simplify the language in this disclosure document, the words “we,” “our” and “us” refer to Structural Elements Franchising, LLC (“SEF”), the franchisor of this business. The words “you” and “your” refers to the person that enters into the Micro-Franchise Agreement with us, whether you are an individual or a corporation, limited liability company, or other legal entity. If you are a corporation, limited liability company, or other business entity, certain provisions of this disclosure document also apply to your owners.

We are a Maryland limited liability company formed on August 26, 2015. Our principal business address is 13214 Fountainhead Plaza, Hagerstown, Maryland 21742. We do business only under our corporate name and the name “STRUCTURAL ELEMENTS”. Our registered agent for service of process in Maryland is Douglas Bertram, 13214 Fountainhead Plaza, Hagerstown, Maryland 21742. Our agents for service of process in the states that require franchise registration are listed in Exhibit B to this disclosure document.

Our Parents, Predecessors and Affiliates

We have no predecessors.

We are a wholly owned subsidiary of Structural Elements Holdings LLC (“SEH”) as of December 31, 2021. SEH is located at 13214 Fountainhead Plaza, Hagerstown, Maryland 21742. SEH has not offered franchises in this or any other line of business.

Our affiliate, Structural Elements, LLC, which is also located at 13214 Fountainhead Plaza, Hagerstown, Maryland 21742, operated the original Structural Elements Clinic in Washington County, Maryland from 2013 until 2020 (“Hagerstown Clinic”). Structural Elements, LLC has not offered franchises in this or any other line of business. Structural Elements, LLC has granted us an exclusive, royalty-free license to grant qualified third parties a license to use the System (defined below) and the “Structural Elements” name, service mark and associated marks in the operation of “Structural Elements” businesses.

Our affiliate, SEF Development, LLC, which is also located at 13214 Fountainhead Plaza, Hagerstown, Maryland 21742, became the owner and operator of the original Hagerstown Clinic pursuant to a transaction with Structural Elements, LLC as of January 1, 2020. SEF Development, LLC has not offered franchises in this or any other line of business.

The System

We and our affiliate Structural Elements, LLC have developed a distinctive system consisting of a multi-tiered business format and methodology for establishing and operating orthopedic wellness centers (the “Clinics”) under the “Structural Elements” and other trade names, service marks and trademarks we designate for use in connection with the System (the “Marks”)

and for providing specializing therapeutic treatments at or from the Clinics, using the Marks (the “System”).

Clinics provide turn-key ready space to practitioners offering orthopedic wellness services through our treatment process, which is a holistic approach to achieving balance and wellness in the body’s structure pursuant to a body mapping system developed by our founder, Douglas Bertram. Practitioners may include acupuncturists, massage therapists, physical therapists, athletic trainers, nurses, doctors, health coaches, movement therapists and other professionals that work with active individuals. In addition to providing space and administrative services to practitioners, you will offer (se)®LAB memberships to services that do not require a licensed professional such as redlight therapy, cryotherapy, infrared sauna, PEMF, compression therapy and other services as wellness services continue to innovate. You may also offer space to fitness professionals and movement practitioners through (se)® LAB, (se)® Studio and/or (se)® Pilates Reformer, if you choose to implement those offerings. Each Clinic includes a retail component selling Structural Elements branded items and other athletic apparel, training tools and supplements from suppliers we designate and/or approve.

The System is designed to facilitate the operation of our multi-tiered franchise structure consisting of unit franchisees, area representative practitioners and micro-franchise practitioners as described below.

## SEF Businesses

### ***Unit Franchise Business***

Under a unit franchise agreement (“Unit Franchise Agreement”), we grant to qualified persons (“Unit Franchisees”), the right to: (i) establish, own and operate a franchised clinic using the System and the Marks (each, a “Franchised Clinic”) which will also house Micro-Franchisees. This franchise model is described as the “Unit Franchise Business.” We offer the right to operate a Unit Franchise Business under a separate franchise disclosure document. We began offering franchises for Unit Franchise Businesses on April 30, 2016.

### ***Area Representative Business***

Under an area representative agreement (“Area Representative Agreement”), we grant to qualified practitioners (“Area Representatives”), the right to: (i) solicit and recruit prospective Micro-Franchisees, (ii) train Unit Franchisees and Micro-Franchisees in the Methods, and (iii) provide the Methods to clients. This franchise model is described as the “Area Representative Business.” We expect to begin offering franchises for Area Representative Businesses in March 2019 under a separate franchise disclosure document.

### ***Micro-Franchise Business***

Under a micro-franchise agreement (“Micro-Franchise Agreement”), we grant to qualified practitioners and fitness professionals (“Micro-Franchisees”), the right to provide the Methods to clients, at or from a Franchised Clinic. This franchise model is described as the Micro-Franchise Business. We began offering franchises for Micro-Franchise Businesses in March 2019. This disclosure document describes the Micro-Franchise Business offering.

Together, we refer to all of the franchise models described above as the “SEF Businesses.” Except as described above, we do not offer and have not previously offered franchises in any other line of business.

In addition, our affiliate, SE Education LLC, offers certain online training and electronic resources to qualified practitioners and fitness professionals on how to incorporate the Methods into their existing practices. These individuals do not operate their businesses primarily under the Marks, do not operate from Clinics, do not receive the same training as franchisees receive, and do not have access to the same support we offer franchisees.

Other than as described above, we do not engage in business activities other than those that are incidental to offering SEF Businesses.

### The Micro-Franchise Business Franchise Rights Offered

We grant to each Micro-Franchisee the right, only within a Clinic to establish and operate a Micro-Franchise Business. As a Micro-Franchisee, you and we will enter a Micro-Franchise Agreement in the form attached to this disclosure document as Exhibit A. Under the terms of the Micro-Franchise Agreement and as part of the Micro-Franchise Business, you will use the Marks and the System to provide the Methods to customers. You must operate your Micro-Franchise Business according to the standards and specifications described in the confidential manuals for the Micro-Franchise Business (the “Manuals”).

Subject to the reservation of medical judgment by licensed professionals, each SEF Business, including the Micro-Franchise Business must operate in accordance with the System. If the Micro-Franchisee is an individual, you must be a Qualified Professional (defined below). If the Micro-Franchisee is a business entity, the Qualified Professional must at all times own 100% of the ownership interests in the Micro-Franchisee.

#### *Administrative Services and Lease Agreement*

You must operate the Micro-Franchise Business from a Franchised Clinic (the “Designated Location”). As a Micro-Franchisee, you will be provided designated space in the Designated Location from the Unit Franchisee for the operation of your Micro-Franchise Business and pay to the Unit Franchisee a fee for the space and certain administrative services that the Unit Franchisee will provide to you. You must enter into an administrative services and lease agreement (“Administrative Services and Lease Agreement”) in a form we approve with the Unit Franchisee. The Administrative Services and Lease Agreement will require, among other things that: (i) you comply with the terms of your Micro-Franchise Agreement with us, (ii) a default by you under the Micro-Franchise Agreement or Administrative Services and Lease Agreement will be a default under their Administrative Services and Lease Agreement or Micro-Franchise Agreement, (iii) the agreement term is co-terminus with the term of the Micro-Franchise Agreement, and (iv) we will be designated by the parties as a third-party beneficiary of the agreement.

You must operate the Micro-Franchise Business from the Designated Location

continuously throughout the remainder of the term. You must commence operation of the Micro-Franchise Business by the date specified in Exhibit A to the Micro-Franchise Agreement.

### General Description of the Market and Competition

Our concept is targeted towards individuals looking to improve their physical health, recover from orthopedic injury or improve athletic performance. Our concept has had particular resonance with health enthusiasts who are interested in maintaining their active lifestyle. That may include endurance athletes, high school and college athletes and adults at all stages of life also could benefit from and show a positive response to the Methods. The market for orthopedic wellness services is moderately developed and you may compete with other physical therapists, medical providers, rehabilitation therapists, pain management specialists, balance programs, massage therapists, acupuncturists, chiropractors, and fitness professionals, including individuals trained in our Methods.

### Regulations Specific to the Industry

Each Micro-Franchise Business must have all forms of professional licensure as may be required under state law and be owned by such individual as may be required under state law to offer services of a Qualified Professionals at the Designated Location. A “Qualified Professional” means a person who is legally qualified and licensed under state law to perform medical services, chiropractic, physical therapy, massage therapy, acupuncture/dry needling, personal training or other wellness services in the state or territory in which the Designated Location is located.

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Micro-Franchise Business. For example, in operating the Micro-Franchise Business, you may be subject to numerous federal and state laws and regulations as a “provider” or “supplier” (as such terms are defined under the Medicare program) of health care services, practitioner of health care services or the healing arts and/or employer or contractor of Qualified Professionals. The requirements that apply to you in your capacity as a health care provider/supplier or Qualified Professional are described in the Micro-Franchise Agreement.

Various federal and state laws regulate the privacy and security of patient health care information. For example, under the federal Health Insurance Portability and Accountability Act (“HIPAA”), as amended by the federal Health Information Technology for Economic and Clinical Health Act (“HITECH”), healthcare providers must keep patient health care information confidential and only disclose such information to third parties when requests are properly submitted. In addition, you must ensure the privacy and security of patient health care information you share with any “business associate,” which is defined under the HITECH Act, such as service providers or attorneys. Many states also have laws regulating the privacy and security of patient healthcare information that may impose further restrictions or obligations related to securing of such information from unauthorized disclosure or “hacking”.

Development of a health and wellness practice is subject to comprehensive professional licensing and registration requirements. In addition, many states have professional services boards that determine rules and regulations regarding their respective members and the scope of services

that may legally be offered by their members. These requirements often apply to both the individual professional service provider and the professional's business entity. As a condition to a professional's licensing requirements, the professional (or the professional's business entity) may need to obtain and maintain a minimum amount of professional liability insurance. The Micro-Franchise Agreement and Manuals describe the insurance and licensure requirements.

The Micro-Franchisee may be required to qualify as a professional firm, professional corporation or similar type of corporate entity organized and permitted, under applicable provisions of state law, to provide the services and products to clients that constitute the Methods, and to be owned by, employ or have independent contractor relationship with a Qualified Professional. You will be obligated in the Administrative Services and Lease Agreement and Micro-Franchise Agreement to perform such actions as are necessary to obtain such qualifications and to warrant and represent compliance with the same.

You are responsible for knowing about and complying with all laws and regulations applicable to your Micro-Franchise Business. Therefore, you should consult with your attorney regarding these and other laws that may affect the operation of your Micro-Franchise Business, including state and federal laws and regulations governing the practice of medicine and other professions.

## **ITEM 2** **BUSINESS EXPERIENCE\***

### **Douglas Bertram, L.Ac., MTCM: Founder and Member**

Mr. Bertram, who is a licensed acupuncturist with a Masters in Traditional Chinese Medicine, has been one of our Members since our founding in August 2015. Mr. Bertram has been the owner and primary operator of our affiliate Structural Elements, LLC in Hagerstown, Maryland, since it commenced operations in August 2013. Mr. Bertram has experience teaching acupuncture and dry needling techniques and developed the body mapping system essential to the Structural Elements treatment process.

### **Dr. Michael Day: Director of Innovation**

Dr. Day, who is a board-certified sports medicine and orthopedic physician has been our Director of Innovation since August of 2020. Dr. Day has been a Micro Franchisee practicing at the Hagerstown, MD location since January 2024 and owns All Day Sports MD, LLC. He was previously an orthopedic surgeon with WellSpan Health in Chambersburg, Pennsylvania from September 2017 to June 2023.

### **Jason Knicley, PT, DPT: Member**

Mr. Knicley, a licensed physical therapist who also holds a Doctorate in Physical Therapy, has been one of our Members since August 2015. Mr. Knicley has been the sole Member of Knicley SE, LLC since March 2016, and through that entity he has operated the Structural Elements Clinic in Urbana, Maryland since January 2018. He was employed by our affiliate

Structural Elements, LLC as a physical therapist from September 2015 until December 2017.

**Susan King Glosby MBA, MSW CFE: Vice President of Operations**

Ms. Glosby is a Certified Franchise Executive and has served as our Vice President of Operations since February 2018. Since November 2017, she has owned and operated a coworking office space and previously operated KG Solutions, a consulting firm to assist franchisors with technology and operations support from December 2015-until February 2018.

**David Everhart, PTA, LMT: Event Manager, Trainer, and Massage Therapist**

Mr. Everhart is our Event Manager and Trainer at our corporate-owned location in Hagerstown, Maryland and has been since January 2020. Mr. Everhart is a licensed massage therapist, and also a Micro-Franchisee in our corporate-owned location. Formerly, Mr. Everhart lead the massage therapist service for our affiliate, Structural Elements, LLC, from November 2014 to December 2019 at the Hagerstown Clinic.

**Michael A. Starr: Member of the Board of Directors**

Mr. Starr has been a member of our Board of Directors since November 2018. He founded Starr Insurance in Chambersburg, Pennsylvania in May 1989 and has been serving as the owner of the agency since that time. He is also a founding partner of Dedicated Nursing Associates based in Pittsburg, Pennsylvania.

**Paul C. Mellott, Jr.: Member of the Board of Directors**

Mr. Mellott has been a member of our Board of Directors since November 2018. After having worked for Mellott Company in Warfordsburg, Pennsylvania for 45 years, he is now retired. He served as the President of Mellott Company from February 1997 to July 2013 and later as the Chairman of Mellott Company until 2021.

**Steve Roach: Member of the Board of Directors**

Mr. Roach has been a member of our Board of Directors since November 2018. He has served as President of R.M. Roach & Sons, Inc. in Martinsburg, West Virginia since November 2010 and has been with the company since June 1981.

**Daniel J. Fisher: Member of the Board of Directors**

Mr. Fisher has been a member of our Board of Directors since November 2018. He has served as President and CEO of D.L. Martin Company in Mercersburg, Pennsylvania since September 1998. He has been an independent Director of Franklin Financial Services Corporation and Farmers and Merchants Trust Company both in Chambersburg, Pennsylvania since July 2010.

**Frank Cholewicki: Member of the Board of Directors**

Mr. Cholewicki has been a member of our Board of Directors since November 2018. Mr. Cholewicki is currently retired, but previously served as CFO for JLG Industries in McConnellsburg, Pennsylvania from March 2008 to January 2019.

**Thomas Bott: Member of the Board of Directors**

Mr. Bott has been a member of our Board of Directors since November 2018. Mr. Bott is an attorney admitted to practice law in Pennsylvania and New York. He is retired from PNC Bank in Pittsburgh, Pennsylvania after 22 years of service. He served as Managing Chief Counsel for PNC's Legal Department from August 2002 to April 2018.

**Jeffrey Reeder: Member of the Board of Directors**

Mr. Reeder has been a member of our Board of Directors since November 2018. Mr. Reeder has served as President of Universal Projects, Inc. in Wrightsville, Pennsylvania since October 1997.

Unless otherwise indicated, the location of the employer is Hagerstown, Maryland. This Item 2 does not include non-voting members of our Board of Directors.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

**ITEM 5**  
**INITIAL FEES**

In order to establish a Micro-Franchise Business, you must pay to us an initial franchise fee in the amount of \$2,500 ("Micro-Franchise Fee") and an initial training fee in the amount of \$5,000 ("Initial Training Fee"). The Initial Training Fee may be paid in installments of \$138.88 per month during the Term of the Franchise Agreement, or it may be paid in a lump sum payment of \$5,000.

The Micro-Franchise Fee is fully earned when you sign the Micro-Franchise Agreement for administrative and other expenses incurred by us in granting the franchise and for our lost or deferred opportunity to franchise to others. Except as described above, the Micro-Franchise Fee is uniform for new franchisees signing Micro-Franchise Agreements. The Micro-Franchise Fee and the Initial Training Fee are not refundable under any circumstances.

**ITEM 6**  
**OTHER FEES**

Name of Fee	Amount <sup>1, 2</sup>	Due Date	Remarks
Services Fee	8% of Gross Receipts or a minimum monthly Services Fee of \$200 per calendar month	Monthly, due by the 10 <sup>th</sup> day of the following calendar month	See Note 3. All periodic fees will be charged by electronic funds transfer (debit) from your bank account, but we reserve the right to change the manner and method of payment for all payments owed to us.
Brand Building Contribution	Up to 2% of Gross Receipts per month, currently not implemented	Same as Services Fee, if implemented	If a Brand Building Fund is established by us, the Brand Building Contribution is paid to us to administer a marketing program to build consumer awareness of the Structural Elements brand. See Note 3.
Minimum Local Marketing Expenditure	An amount we may require. We do not currently require Micro-Franchisees to make a Minimum Local Marketing Expenditure.	Monthly	The Minimum Local Marketing Expenditure is the amount a Franchisee should expend monthly toward local advertising, marketing and promotion.
Regional Marketing Cooperative Contribution	There is no current cooperative structure, but we reserve the right to establish regional marketing cooperatives in the future, in which case the combined total advertising fees of the Brand Building Contribution and the Regional Marketing Cooperative Contribution would be no greater than 2% of Gross Receipts.	Same as Services Fee, if implemented	We may require you to participate in a regional marketing cooperative to promote SEF Businesses. The company-owned or affiliate-owned outlets would have the same voting power as franchised outlets.
On-Site Training	\$1,000 per half-day, plus our trainer's expenses	Upon demand	We may charge you this fee if we provide you training either at your request, or if we determine that you are not operating the franchise up to our standards, we require you to complete remedial training,

Name of Fee	Amount <sup>1,2</sup>	Due Date	Remarks
			and you and we agree that it should be provided at your location.
Annual Convention	Up to \$500 per attendee	As incurred	We may require you attend annually for up to 3 days one convention or conference that we sponsor or designate. We reserve the right to charge you a fee to attend the annual convention and may charge this fee even if you fail to attend the annual convention unless we provide written confirmation of your excused absence. We have no obligation to host or sponsor any convention or conference. You are also responsible for all costs and expenses you incur to attend.
Insufficient Funds (NSF) Fee	\$50 per insufficient funds episode	Upon demand	Charged if you fail to maintain sufficient funds in your designated bank account for us to withdraw the Services Fee and other applicable amounts due to us, such that we receive an insufficient funds notice from your bank.
Interest on Late Payments	1.5% per month or the highest interest rate allowed by law, whichever is less	Upon demand	Applies to all overdue amounts due to us.
Transfer Fee	The higher of 25% of our then-current Micro-Franchise Fee charged by us to new micro-franchisees, or \$625	Prior to any transfer	The Transfer Fee covers our expenses to review the proposed transfer.
Renewal Fee	The higher of 25% of our then-current Micro-Franchise Fee charged by us to new micro-franchisees, or \$625	Prior to renewal	There are other conditions for the grant of a successor franchise.
Insurance	Amount of unpaid premiums, plus an administrative fee	Upon demand	Payable only if you do not maintain required insurance coverage and the Unit Franchisee elects to obtain coverage for you.

Name of Fee	Amount <sup>1,2</sup>	Due Date	Remarks
Indemnification	Will vary with circumstances	Upon demand	If we are sued for claims relating to the operation of your Micro-Franchise Business or for damages that we incur due to your breach of the Micro-Franchise Agreement, then you must reimburse us.
Early Termination Fee	6 months of minimum Services Fee (\$1,200) plus 6 months of amounts owed under the Administrative Services and Lease Agreement	Upon termination	Payable if the Micro-Franchise Agreement is terminated due to your breach, including abandonment or if you provide us notice of your intent to terminate the Micro-Franchise Agreement

**NOTES:**

All fees are imposed by and are payable to us. All fees are uniformly applied to Micro-Franchisees and are non-refundable. We will obtain payment from you for all ongoing fees due to us by way of an electronic fund transfer (or EFT).

Note 1. The term “Gross Receipts” means the aggregate of all revenue that you receive from the Micro-Franchise Business or from providing services or goods that we implement as a standard or optional part of the offerings at Clinics, as received from all sources whether by cash, check, debit, credit, barter transaction, virtual currency or otherwise, plus all proceeds from any business interruption insurance, but excluding all refunds made in good faith and any sales and equivalent taxes which are collected by you for or on behalf of any governmental taxing authority.

Note 2: Except as noted above, we may increase all fees specified in this FDD as a specific dollar amount (versus a percentage of another amount) up to 20% per calendar year.

Note 3: The Services Fee and Brand Building Contribution may vary for certain Micro-Franchisees in order to comply with applicable state law which may prohibit us from charging the fees based on Gross Receipts. If we cannot charge the Services Fee or Brand Building Contribution based on Gross Receipts, the Services Fee and Brand Building Contribution will be mutually agreed between you and us before you sign the Franchise Agreement. No payments of fees or other amounts is for the referral of customers or patients and neither party is required to refer customers or patients to the other party or their affiliates.

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

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Micro-Franchise Fee	\$2,500	\$2,500	Lump Sum	When you sign the Micro-Franchise Agreement	Us
Rent <sup>2</sup>	\$3,000	\$6,750	As Agreed	Monthly	Unit Franchisee
Training Fee <sup>3</sup>	\$416	\$5,000	Lump Sum	When you sign the Micro-Franchise Agreement	Us
Training Expenses <sup>4</sup>	\$1,500	\$2,500	As Incurred	As Incurred	Airfare, Hotels, Clinics, Service Providers
Computers and Electronic Hardware and Software <sup>5</sup>	\$750	\$1,200	As Agreed	Before Opening	Third Party Suppliers
Supplies and Equipment <sup>6</sup>	\$100	\$500	As Agreed	Before Opening	Us and/or Approved Supplier
Business Licenses and Other Professional Fees <sup>7</sup>	\$2,100	\$3,300	As Agreed	Before Opening	Governmental Authorities; Service Providers
Additional Funds – 3 months <sup>8</sup>	\$750	\$1,500	As Incurred	Before Opening and During the First 3 Months of Operation	As Determined by You
<b>Totals<sup>9</sup></b>	<b>\$11,116</b>	<b>\$23,250</b>			

## NOTES:

Note 1. All fees and payments are non-refundable, unless otherwise stated. The chart above estimates your initial investment to conduct the Micro-Franchise Business.

Note 2. You will receive designated space within a Franchised Clinic. The figures above include the estimated cost for the first three months' rental related fees under the Administrative Services and Lease Agreement and a deposit equal to one month of such fees for the Designated Location. We expect that most rental related fees will be between \$500 and \$750 per month for one 5-hour block of time of one Clinic room scheduled once per week. We anticipate that you will rent one Clinic room for 2 to 3 blocks (10-15 hours) per week.

Note 3. The low end of the estimate assumes that you will elect to pay the \$5,000 Initial Training Fee in equal monthly installments over the term of the Franchise Agreement. The estimate above is for three months' of payments at \$138.88 per month. The high end of the estimate assumes you will elect to pay the \$5,000 Initial Training Fee as a lump sum payment.

Note 4. You are responsible for all expenses associated with initial training including your and your managers' transportation to and from the training site, lodging, meals, and employee wages during training.

Note 5. We require you to purchase computer hardware and software that meets our current standards and specifications. This also includes the license fees for your use of our designated technology solutions for 3 months.

Note 6. The supplies and equipment needed includes specialty treatment devices, and orthopedic rehabilitation equipment. The low estimate assumes that you have many of these tools due to your professional work.

Note 7. The estimate is for employing an attorney, accountant, and other consultants to help you evaluate our franchise offering and to procure any required licenses. Your actual costs may vary substantially, depending on the degree to which you rely upon your advisors and state by state license fees.

Note 8. This is an estimate of your initial start-up expenses, including other costs, such as for initial supplies, technology, and other miscellaneous costs you are likely to incur during the first 3 months of operation of the Micro-Franchise Business.

Note 9. These figures are estimates only and you may have additional expenses in establishing and commencing operation of the Micro-Franchise Business. Your costs will depend on factors such as: (a) how closely you follow our methods and procedures; (b) your management skill, experience and business acumen; (c) local economic conditions; and (d) the local market for orthopedic and related wellness services. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

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

General

To ensure that the highest degree of quality and service is maintained, you must operate the Micro-Franchise Business in accordance with the methods, standards, and specifications as we may periodically prescribe in the Manuals or otherwise in writing. If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

All equipment, furnishings, fixtures, and materials used in operating your Micro-Franchise Business and the insurance that you purchase, must meet our specifications and standards and, if required by us, shall be purchased only from an approved supplier. In the future we or our affiliate may be a supplier or the sole supplier of certain items you need to use in your Micro-Franchise Business.

We have selected a brand of dry needles and other treatment tools that we would prefer you to purchase for use in providing the Methods and which are therefore approved supplies. However, we will not unreasonably withhold approval of other brands or suppliers if you demonstrate that the alternative supply is necessary in your professional judgment.

We have a recommended supplier of athletic apparel, treatment table covers and certain supplies, and, to the extent necessary for the Micro-Franchise Business, you must purchase those items from our recommended supplier or another one who we approve. We believe this provides franchisees with flexibility in the operation of their Micro-Franchise Business while maintaining a consistent and cohesive System image.

If you would like to use components from alternative suppliers, or any other item or service in establishing or operating the Micro-Franchise Business that we have not approved (for items or services that require supplier approval), you must first send us sufficient information, specifications and/or samples for us to determine whether the item or service complies with our standards and specifications, in the manner stated in our manual. We charge a \$500 fee to review your request for approval of an item, service or supplier. We will decide within 30 days after receiving the required information whether you may purchase or lease such items or services or from such supplier, and if we approve your request then we refund the \$500 fee, less our actual out of pocket expenditures to evaluate the proposal. We apply the following and other general criteria in deciding whether to approve a proposed supplier: the effect that approving such a request may have on our business interests and on the franchise system's ability to negotiate favorable group pricing and other terms for the item; the supplier's credit worthiness; its ability to provide sufficient quantity of product; quality of products and/or services at competitive prices; production and delivery capability; and its dependability and general reputation. We are not obligated to approve any request for approval of an alternative supplier.

From time to time, we may review our approval of any item, service or supplier. We will notify you if we revoke our approval of an item, service or supplier. Unless no supplier has been designated or approved, you must purchase all products and services for the Micro-Franchise

Business only from suppliers we have designated or approved, including from alternate suppliers if we disapprove a supplier from whom you have previously purchased.

We estimate that approximately 85%-90% of your initial purchases for goods or services, inclusive of the Micro-Franchise Fee, must be made from us, approved suppliers or otherwise in accordance with our standards and specifications. Approximately 40% of your ongoing purchases of goods or services for operation of the Micro-Franchise Business will be from us, approved suppliers or according to our standards and specifications.

### Cooperatives

It is our intention to negotiate distribution and supply agreements, commissions, and group rates for purchases of certain inventory and supplies necessary for the operation of SEF Businesses, for the benefit of our franchisees and affiliate-owned Clinics, although we have yet to do so and our ability to achieve that objective will depend in large part on our success in developing the franchise network.

There are no purchasing or distribution cooperatives. We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional SEF Businesses) based on whether you purchase through the sources we designate or approve.

### Ownership Interest in Suppliers

We are not currently an approved supplier of any product or service used in the operation of the Micro-Franchise Business; and neither we nor our offices maintain an ownership interest in any approved or designated supplier.

### Revenue Derived by Franchisor and Affiliates from Franchisee Purchases

As of the end of our last fiscal year ended December 31, 2024, we, nor our affiliates, have not received any revenue or other material consideration as a result of purchases made by Micro-Franchisees. We do not currently receive any rebates from any approved suppliers and we do not have any plans to do so, although we reserve the right to receive rebates in the future. For example, we expect to make some profit on items that you purchase through us, and we reserve the right to require third-party suppliers to pay us fees or other consideration for the privilege of being able to supply products or services to our franchisees. Examples of such potential payments will be flat annual fees, a percentage of the supplier's sales to franchisees, or additional discounts on products provided to Clinics operated by us or our affiliates.

### Insurance

You must obtain and maintain, at your own expense, the insurance coverage delineated in the Micro-Franchise Agreement. Your cost for this insurance will depend on where your franchise is located, insurance carrier's rates, your insurance history and the level of your deductibles. All policies of insurance maintained by you must contain a separate endorsement naming us as an additional insured and provide that we receive at least thirty (30) days prior written notice of

termination, cancellation or expiration of any insurance. You must provide us a copy of your insurance coverage documents including the certificate of insurance and endorsements. At a minimum, you must maintain professional liability insurance with such minimum coverage levels as may be required under state law or, if state law does not require minimum coverage amounts, at the amount of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate.

You must provide us with proof of coverage before you begin to operate the Micro-Franchise Business. You must annually submit a certification of insurance which demonstrates compliance with our insurance requirements. If you fail to comply with the minimum insurance requirements, we or the Unit Franchisee have the right to obtain such insurance and keep it in force and effect, and you must pay, on demand, the premium cost and administrative costs in connection with our obtaining the insurance. We have the right to increase or otherwise modify the minimum insurance requirements upon written notice to you, and you must comply with any such modification within the time specified in the notice.

Computer Hardware and Software

You must use the computer hardware and software that we designate or approve. You will likely license the software products directly from us or the sellers, but in either event we will have third party administrative access to your business management software account to the extent allowable by HIPAA and data privacy laws. Our present computer hardware and software and other technology requirements are discussed further in Item 11 of this disclosure document and are also discussed in detail in our Manuals.

Lease and Leasehold Improvements

You must obtain designated space for the operation of your Micro-Franchise Business from a Unit Franchisee by executing an Administrative Services and Lease Agreement. We must approve the Administrative Services and Lease Agreement before you sign it.

**ITEM 9**  
**FRANCHISEE’S OBLIGATIONS**

**The table on the following pages lists your principal obligations under the Micro-Franchise Agreement. It will help you find more detailed information about your obligations in this agreement and in other items of this disclosure document.**

Obligation	Section in Micro-Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1,3, and Exhibit A	Items 1, 7, 11 and 12
b. Pre-opening purchases/ leases	1, 3, 5	Items 7 and 8

<b>Obligation</b>	<b>Section in Micro-Franchise Agreement</b>	<b>Disclosure Document Item</b>
c. Site development and other pre-opening requirements	1, 3, 5	Items 6, 7, 8 and 11
d. Initial and ongoing training	5.2.3 – 5.2.6	Item 11
e. Opening	1, 5	Item 11
f. Fees	2	Items 5 and 6
g. Compliance with standards and policies/Micro-Franchise Manual	1,5, 6, 8, 11, 12	Items 8 and 11
h. Trademarks and proprietary information	6	Items 13 and 14
i. Restrictions on products/services offered	1.2, 5	Items 8, 12 and 16
j. Warranty and customer service requirements	5	Item 15
k. Territorial development and sales quotas	1	Items 12 and 17
l. Ongoing product/service purchases	5.2	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	5.2	Items 6, 8 and 11
n. Insurance	3.1, 5.7	Items 6 and 8
o. Advertising	7	Items 6 and 11
p. Indemnification	5.7, 12.4, 16.7	Item 6
q. Owners' participation/management/staffing	5	Items 11 and 15
r. Records and reports	3.1, 5.2, 8.2	Item 6
s. Inspections and audits	5.2.13, 8.2	Items 6 and 11
t. Transfer	9	Item 17
u. Renewal	4.2	Item 17

<b>Obligation</b>	<b>Section in Micro-Franchise Agreement</b>	<b>Disclosure Document Item</b>
v. Post-term obligations	8.4	Item 17
w. Non Competition covenants	9	Item 17
x. Dispute resolution	16	Item 17

**ITEM 10**  
**FINANCING**

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

**ITEM 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

**A. Pre-Opening Obligations**

Before you begin to operate your Micro-Franchise Business we will provide the following assistance:

1. Designate your Designated Location at the time you sign your Micro-Franchise Agreement (Micro-Franchise Agreement, Section 1)
2. Provide you with initial and ongoing assistance (Micro-Franchise Agreement, Section 5.1.2)
3. Provide to you pre-opening assistance as determined by us (Micro-Franchise Agreement, Section 5.1.3)
4. Lend to you, for the term of the Micro-Franchise Agreement, our Manuals, as further defined in Item 11, and remains our property (Micro-Franchise Agreement, Section 5.1.4)
5. Permit you to use the Marks and the System, in accordance with our requirements.

**B. Site Selection and Opening**

You and we will select the Designated Location for your Micro-Franchise Business at a Clinic operated by a Unit Franchisee at the time of or prior to your signing the Micro-Franchise Agreement.

You must commence operation of your Micro-Franchise Business within ninety (90) calendar days from your signing of the Micro-Franchise Agreement. We expect that the typical

length of time from the signing of a Micro-Franchise Agreement to the commencement of operations by a Micro-Franchisee is sixty (60) to ninety (90) days. Factors affecting the length of time before opening usually include scheduling training and signing the Administrative Services and Lease Agreement.

**C. Our Obligations During the Operation of The Micro-Franchise Business**

After the opening of the Micro-Franchise Business, we or our designee (which can be a Unit Franchisee) will:

1. From time to time, advise and offer guidance to you in person, by telephone, e-mail, newsletters and other methods. Such advice and guidance will relate primarily to operational methods.
2. Make available to you changes and additions to the System and the Manuals. (Micro-Franchise Agreement, Section 5.1.4.)
3. Review advertising materials you propose to use, and either approve, reject, or instruct on changes needed to obtain approval of the proposed materials. (Micro-Franchise Agreement, Section 5.1.5).
4. Provide ongoing training and assistance to you (Micro-Franchise Agreement, Section 5.1.7 and Section 5.2).
5. If we opt to implement the Brand Building Fund (Section 7.1) or one or more Regional Cooperative Advertising programs (Section 7.2), administer the Brand Building Fund and Regional Cooperative Advertising program.

**Local Marketing**

Although you are not currently required to spend any amount as a Minimum Local Marketing Expenditure, we reserve the right to require you to spend an amount we require on local advertising. You are required to submit advertising materials for our approval before using it. We will either approve or deny our approval, or condition approval on certain changes, within 15 days of receiving your request. If we fail to respond within that time frame, your request will be deemed approved. However, you must discontinue the use or placement of any previously approved advertising within five (5) days of when we direct you to do so. (Section 7.3)

You may not maintain a website to promote your Micro-Franchise Business except as a location-specific page through our domain “STRUCTURALELEMENTS.COM.” However, we may allow you to create your own social media presence on websites such as Facebook, with our approval and guidance, provided you do so in a manner consistent with the Manuals, which includes following certain naming conventions, branded posts and “dos and don’ts” for your administration of your social media accounts. Your primary online presence flows through the Structural Elements landing page and, accordingly you will be allocated a certain domain off of the main Structural Elements webpage.

### Regional Cooperative Marketing Fund

We may require you to participate in a regional marketing cooperative at our discretion in the future. If required, each Structural Elements business within the designated region, including any locations owned or operated by us, will be a member of the cooperative, and will be entitled to one vote per business owned. We can require that you pay into the cooperative, on a monthly basis, 1% of its Gross Receipts. In no event shall the total advertising fee be greater than 2% of Gross Receipts, and all Regional Marketing Cooperative payments will be an offset against Brand Building Contributions otherwise payable to us.

If we require the formation of a regional cooperative, each member of the cooperative will sign a written agreement concerning the governance and management of the cooperative, including, but not limited to, the terms specified above. In addition to other terms and provisions, the agreement will include methods for determining who oversees and manages the cooperative's funds; the members' entitlement to financial statements regarding the use of those funds; and other rights and remedies of the cooperative members with regard to the use of those funds. We will have, in our sole discretion, the right to merge any regional cooperatives into larger regions. However, the dissolution of a cooperative or dividing a cooperative into smaller regions will require the approval of at least two-thirds of all votes entitled to be cast.

### Advertising Fund

We reserve the right to require you to contribute a percentage of Gross Receipts to our Brand Building Fund (the "Fund") for use to increase the awareness of Structural Elements brand and services, which payment is measured and paid at the same time as royalties. (Section 7.1) We will administer the Fund at our sole discretion; however, we will have a financial statement of the Fund prepared each year and we will provide you with a copy if you request it. We may require that the annual financial statement be audited by an independent certified public accountant at the expense of the Fund. Our affiliates that operate Structural Elements businesses will make contributions to the Fund on the same basis required of franchisees. The Fund is not a trust and we assume no fiduciary duty in administering it.

The Fund's assets shall be used for any purpose that we decide, in our reasonable business judgment, is necessary or appropriate to improve client patronage of Structural Elements businesses as a whole. We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements and promotions. We may use the Fund Contributions to cover the costs of sponsoring events, such as endurance contests; preparing and conducting television, radio, Internet, social media, magazine and/or newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; and providing other marketing materials to franchisees. We also may use Fund Contributions to conduct consumer-oriented market research; facilitate referral relationships with key referral sources; or conduct customer satisfaction surveys. We are not obligated to spend any amount from the Fund on advertising or promotion in your Designated Location.

During our last fiscal year ending December 31, 2024, no contributions were made to the Fund. We initially plan to conduct all advertising and promotional strategies in-house, but we may use an advertising agency in the future. We will not use your contributions to cover any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Fund. We will not use Fund Contributions for advertising that is principally a solicitation for the sale of franchises.

We may use all contributions in the fiscal (calendar) year they are made. We will use any interest or earnings of the Fund before using current contributions. If any contributions are not used during the year in which they are contributed to the Fund they will be maintained in the Fund for use during the following year. Such carry-over contributions will be used before we use current contributions from the following year. We intend for the Fund to be perpetual once it is established, but we have the right to terminate it. We will not terminate the Fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to our franchisees on a *pro rata* basis.

We do not currently have an advertising council composed of franchisees that advises us on advertising policies. However, we may require you and our other franchisees to form an advisory board to provide advice and counsel regarding our use of Fund Contributions. The advisory board will function in an advisory capacity only and will not exercise authority over the Fund or over us.

#### **E. Computer/Point-of-Sale System**

Subject to applicable law, we will be able to independently access all information that you store through business management software you use, for which we will have administrative access rights. This means that we will be able to view and analyze information on your Micro-Franchise Business's revenues and expenses as well as identifying information regarding clients of your Micro-Franchise Business as collected for scheduling purposes.

We will require you to purchase and maintain electronic devices which meet our written specifications and have sufficient computing power and compatibility to operate the software programs identified above and maintain an active Internet connection and use of an Internet web browser such as Microsoft Internet Explorer, Safari, Mozilla Firefox, or Google Chrome. We estimate that the initial hardware cost will be \$1,200 - \$1,750, with upgrade costs as stated below. You are solely responsible for protecting from theft or misappropriation that data and information that you collect on your computers, through the use of "firewalls" and other information security methods. We do not otherwise have any standards or specifications for the type of hardware, ancillary software or cellular data provider that you use.

The business management software and EMR software providers will provide updates to their programs, and computer operating system software patches are typically provided without separate charge. Otherwise, you will need to pay the costs to purchase replacement computing devices or components thereof from time to time, to the extent necessary to continue to fully utilize the required business management and EMR software programs, and we estimate that you will

need to spend approximately \$1,200 - \$2,000 every three years on hardware upgrades, updates and replacement equipment. There are no other contractual limitations on the frequency or cost of the obligation to remain current with our computer software and hardware requirements.

Neither we nor any of our affiliates are required to provide ongoing maintenance, repairs, upgrades or updates to your computer hardware or software. Except as required by their subscription agreements, no third party provider of software is required to provide repairs, upgrades or updates to their software. The hardware that you purchase may be covered by certain manufacturer’s warranties, but otherwise, no third party is obligated to provide maintenance, repairs, upgrades or updates to your computer hardware. There are no required maintenance, repair, upgrade or update contracts for software or hardware, aside from paying monthly license fees for the Internet-based software, and to our knowledge there are no such optional contracts for maintaining, repairing, upgrading or updating your computer systems.

**F. Training**

You must attend and complete our initial training programs to our satisfaction. The cost of the Initial Training Program is \$5,000 in addition to the costs you may incur for travel, lodging and food). The following is a summary of the initial training provided:

*Practitioner Training Program*

<b>Subject</b>	<b>Hours of Online and Virtual Training</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Onboarding and Initial Setup	1	0	0	Hagerstown, MD or designated location
Introduction to the System	1.5	0	0	Hagerstown, MD or designated location
The (se)® Model and Ecosystem	1	1	0	Hagerstown, MD or designated location
Patient Care and Relationships	2	0	0	Hagerstown, MD or designated location
Tech Tools and Resources	1	0	1	Hagerstown, MD or designated location

<b>Subject</b>	<b>Hours of Online and Virtual Training</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Our Marketing Approach	2	1	0	Hagerstown, MD or designated location
Your Success Path	2	0	0	Hagerstown, MD or designated location
Financial Management and Reporting	1	0	0	Hagerstown, MD or designated location
Quality Assurance Review	1.5	0	2	Hagerstown, MD or designated location
(se)® Theory	5	0	0	Hagerstown, MD or designated location
Our Unique Treatment Approach	2	2	0	Hagerstown, MD or designated location
Practitioner Specific Training	4	6	10	Hagerstown, MD or designated location
Therapeutic Assessment and Treatment Technique*  *for manual therapy providers	6	8	10	Hagerstown, MD or designated location
<b>Totals</b>	30	18	23	

You are responsible for all costs to attend training, such as costs of travel, meals, and accommodations. You must complete our Initial Training Program to our satisfaction.

Our primary instructors will be Douglas Bertram, L.Ac. and MTCM, Dr. Michael S. Day MD, and Jason Knicley, PT, DPT, MTC and CDNT. Mr. Bertram developed the Structural Elements system, has treated clients in acupuncture and related modalities since 2001, has provided services to clients at our affiliate Structural Elements LLC since 2013, and is actively involved in managing all phases of the flagship Structural Elements operation. Dr. Day is a board certified sports medicine physician and owner of All Day Sports MD, LLC and currently practices at our Hagerstown, MD location. He was previously an orthopedic surgeon at Wellspan Health in Pennsylvania. Mr. Knicley, who is the other Member of our company, has been the sole Member of Knicley SE, LLC since March 2016, and through that entity he has operated the Structural Elements Clinic in Urbana, Maryland since January 2018. He was employed by our affiliate Structural Elements, LLC as a physical therapist from September 2015 until December 2017.

David Everhart will also provide training. Mr. Everhart is a licensed massage therapist, , and also a Micro Franchisee in our corporate-owned location. Formerly, Mr. Everhart lead the massage therapist service for our affiliate, Structural Elements, LLC, from November 2014 to December 2019 at the Hagerstown Clinic. Before that he was a physical therapist assistant at Parkway Neuroscience and Spine Institute of Frederick, Maryland, from November 2010 to January 2014.

We may also offer one-day regional training sessions, in person or online, three times a year for refresher courses to all franchisees and practitioners to demonstrate new techniques and research. We also intend to provide online materials and forums for franchisees to interact with us to better learn and shape the Structural Elements system. You will be responsible for incorporating updated standards and techniques in your Micro-Franchise Business.

We are not obligated to provide any additional training unless you request it and pay us \$1,000 per half day of training, plus our trainer's travel and lodging expenses. However, if we determine that ongoing training is necessary due to your failure to comply with our standards, we may require that you attend ongoing training at our headquarters, or another location we designate and require you to pay us the fee stated above, plus expenses.

### *Manuals*

Our Manuals will be used as our primary instructional material in the initial franchise training program, along with the third party software programs that you will use to run the business. Manuals means our confidential brand standards manuals as may be amended from time to time and may consist of one or more manuals as designated by us, containing our System standards, specifications and operating procedures relating to the development and operation of a Micro-Franchise Business. We will loan you one copy of the Manuals, which you will receive at the appropriate time during the initial training in our offices. The Manuals also include alternative or supplemental means of communicating that information by other media, including bulletins, e-mails, digital video and audio, and shared media via online tools.

A copy of the Manuals will be made available to you to review in our offices prior to your signing the Micro-Franchise Agreement. You agree to keep your copy of the Manuals current. If there is a dispute relating to the contents of the Manuals, the then current version posted on our Intranet site will be controlling. The Manuals contain Confidential Information (defined below), and you agree not to copy any part of it or distribute it to anyone outside your Micro-Franchise Business.

## **ITEM 12** **TERRITORY**

Prior to signing the Micro-Franchise Agreement, you will be assigned a Designated Location within a Clinic operated by a Unit Franchisee. You may only operate the Micro-Franchise Business at the Designated Location. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We retain all rights not expressly granted by the Micro-Franchise Agreement to you. For example, without obligation to you, we, our affiliates or designee have the right, to:

1. establish and operate, and license others to establish and operate, Clinics and/or Micro-Franchise businesses at and from any physical premises (including other Micro-Franchise Businesses located at the Designated Location) notwithstanding such Clinics' and Micro-Franchise businesses' proximity to the Designated Location, or the actual or threatened financial impact on the Micro-Franchise Business;

2. establish, acquire or operate, or license others to establish and operate, clinics or businesses under systems or marks other than the System and the Marks, which clinics or businesses may offer or sell services or products that are the same as, or similar to, the services and products offered from the Designated Location, and which clinics or businesses may be located within or outside the Designated Location, despite these clinics' or businesses' proximity to the Designated Location or the actual or threatened financial impact on the Micro-Franchise Business. You acknowledge and agree that we or our affiliates may be acquired by another business or system that operates and/or franchises clinics that are the same as or similar to the Clinics; and

3. sell and distribute, directly or indirectly, or license others to sell and distribute any services, products or merchandise at and from any location or to any purchaser (including sales made on the Internet).

If you wish to relocate your Micro-Franchise Business, you must request to do so in writing. We will approve or deny any such request, subject to reasonable conditions we may impose, within 30 days of the time you submit your request. You have no options, rights of first refusal or similar rights to acquire additional Micro-Franchise Business franchises.

The rights granted under the Micro-Franchise Agreement do not include any right to: (i) offer any product or service via e-commerce; (ii) establish an independent website or to establish a URL incorporating the Marks or any variation of the Marks; (iii) sell merchandise via wholesale; or (iv) otherwise distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Micro-Franchise Agreement.

Certain of our or our affiliate’s products or services, whether now existing or developed in the future, may be distributed in your Designated Location by us, our affiliates, or our franchisees, licensees or designees, in such manner and through such alternate channels of distribution as we, in our sole discretion, will determine. Such alternate channels of distribution will include, but are not limited to, sales of any products under the Marks at or through the Internet, sporting goods stores, fitness specialty stores, or supermarkets. In addition, as described in Item 1, we offer certain online training and electronic resources to qualified practitioners and fitness professionals on how to incorporate the Methods into their existing practices.

The Micro-Franchise Agreement grants you no rights to: (i) distribute such products in alternate channels of distribution; or (ii) share in any of the proceeds received by any such party even if they are from the Designated Location. You will not receive from us or our affiliates any compensation if we solicit or accept orders for products distributed or if we provide services to clients in your Clinic.

Additional Disclosures

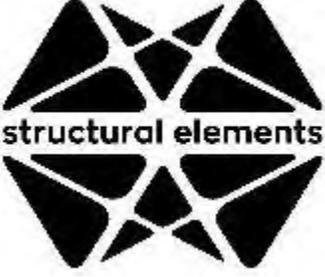
We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that sell our approved products and services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

**ITEM 13**  
**TRADEMARKS**

We grant our franchisees the right to operate Structural Elements businesses under the service mark “Structural Elements” and the logos shown on the cover page of this Disclosure Document. You may also use any other current or future Mark to operate your Micro-Franchise Business that we designate in writing. By Mark, we mean trade names, trademarks, service marks and logos used to identify Structural Elements businesses.

Structural Elements, LLC has obtained registration on the Principal Registrar of the USPTO the following list of trademarks and service marks:

<b>Registration Number:</b>	<b>Trademark or Service Mark:</b>	<b>Registration Date:</b>
4925973	(se)	3/29/2016
5110491	HUMAN PERFORMANCE REFINED	12/27/2016

Registration Number:	Trademark or Service Mark:	Registration Date:
5225701		6/20/2017
5225702		6/20/2017
5810795	STRUCTURAL ELEMENTS	7/23/2019

Structural Elements, LLC has filed all required affidavits in connection with the Marks.

Structural Elements, LLC has granted us the license and right throughout the United States to use the System and Marks in connection with the ownership and franchising of orthopedic wellness businesses, except in Washington County, Maryland. Our affiliate has promised not to engage in direct marketing of Structural Elements services under the name Structural Elements within the United States.

There are currently no effective material determinations of the United States Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks. There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Micro-Franchise Business. You may only use the Marks in accordance with our standards, operating procedures and specifications. Any unauthorized use of the Marks by you is a breach of the Micro-Franchise Agreement and an infringement of our and our affiliate's rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Micro-Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We may take whatever action we deem appropriate in these situations; we

have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

We can require you to modify or discontinue the use of any Mark and to use other trademarks or service marks. We will not be required to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to such proceeding. We have the right to control the defense and settlement of any such proceeding. Our reimbursement does not include your expenses for removing signage or discontinuing your use of any Mark. Our reimbursement also does not apply to any disputes where we challenge your use of a Mark. Our reimbursement does not apply to legal fees you incur in seeking separate, independent legal counsel.

You must use the Marks as the sole trade identification of the Micro-Franchise. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the PTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not establish, create or operate an Internet site or website using any domain name containing the words “Structural Elements”, “SE”, “(se)”, “(SE)”, or any variation thereof without our prior written consent. We retain the sole right to create websites using the words “Structural Elements” as a domain name and any other domain names that reflect the Marks as we may designate in the Manual.

There are no infringing or prior superior uses actually known to us that could materially affect the use of the Marks in this state or any other state in which the Micro-Franchise Business is to be operated.

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

We do not own and are not aware of any patents that are material to the franchise.

We own copyrights in the Manuals, our trade dress, marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and

need not do so to protect them. You may use these items only as we specify while operating the Micro-Franchise Business and you must stop using them if we direct you to do so.

There are currently no effective determinations of the Copyright Office (Library of Congress) or any court regarding the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

Our affiliate Structural Elements, LLC has developed certain “Confidential Information”, including certain trade secrets, methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in operating orthopedic wellness businesses, and has provided us with a license to divulge such information in confidence to qualified franchisees, their owners and managers. We will provide our Confidential Information to you during training, in the Manuals and as a result of the assistance we furnish you during the term of the franchise. You may only use the Confidential Information for the purpose of operating your Micro-Franchise Business.

If you are a business entity, your owner must sign a nondisclosure and non-competition agreement the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Micro-Franchise Agreement. The Qualified Professional must sign an agreement promising not to disclose our Confidential Information or Methods and/or to solicit the business of clients who patronize the Clinics.

You must promptly tell us when you learn about any unauthorized use of copyrighted information. We are not obligated to protect your rights to use our copyrighted materials. We have no obligation to defend you or indemnify you if you are sued for copyright infringement after using our advertising materials, menus or other written items. We may require you to modify or discontinue your use of any copyrighted materials at any time.

All ideas, concepts, techniques or materials concerning the Micro-Franchise Business whether or not protectable intellectual property and whether created by or for you or your owner, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

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

You must be involved in the day-to-day operations of your Micro-Franchise Business and the supervision of those day-to-day operations. You must also devote your best efforts to the management and operation of the Micro-Franchise Business when you are on site at the Designated Location. You must successfully complete the Training Program described in Item 11. We may request that you are personally available at the Clinic for any inspection or evaluation we conduct of the Clinic. Please note that nothing in this disclosure document or any agreement you enter into

with us is intended to create any type of employment or joint employer relationship between you and us.

If you are a business entity, your owner must have a 100% equity interest in the business entity and be the sole owner of the business. If you are a business entity, your owner must execute the Guarantee in the form attached to the Micro-Franchise Agreement. In addition, if you are a business entity, your owner having access to our Confidential Information must execute a non-disclosure and confidentiality agreement in the form that we require.

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

You may offer for sale and sell to clients and customers only those services and products we designate, and you must sell all services and products we designate. We have the right to change the types of designated services and products, and there are no limits on our right to do so. If you wish to sell additional services or products, you must follow the approval process outlined in Item 8 of this disclosure document.

To protect our common interests, you must operate your Micro-Franchise Business in strict compliance with the Micro-Franchise Agreement, the mandatory specifications and standards outlined in the Manuals, and the directives and other written materials we publish.

We may add to, delete from, and modify the list of authorized services and products as we deem appropriate.

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

**THE FRANCHISE RELATIONSHIP UNDER THE MICRO-FRANCHISE AGREEMENT**

**This table lists certain important provisions of the Micro-Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Term of franchise	4.1	Term of three (3) years, beginning on the effective date of the Micro-Franchise Agreement.
b.	Renewal or extension of the term	4.2	You have the right to renew for three additional 3-year terms, subject to meeting certain conditions.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
c.	Requirements for you to renew or extend	4.2	In order to renew, you must, among other things: (a) at least 180 days prior to the expiration of the initial term sign our then-current form of Micro-Franchise Agreement, which may contain materially different terms than your current Micro-Franchise Agreement; (b) have been in compliance with the current Micro-Franchise Agreement; (c) cannot be in default or under notification of breach of the current Micro-Franchise Agreement; (d) sign a general release; (e) complete training; and (f) pay us a renewal fee.
d.	Termination by you	No Provision	Not Applicable
e.	Termination by us without cause	8.3	We may terminate the Micro-Franchise Agreement in the event of a fundamental regulatory change.
f.	Termination by us with cause	8	We may terminate your Micro-Franchise Agreement with cause.
g.	Cause defined - default which can be cured	8.1	We may terminate your Micro-Franchise Agreement if you: (a) fail to begin operation of the Micro-Franchise Business or allow any required insurance policies to lapse within 15 days after written notice to you; (b) fail to pay any amounts due to us or our affiliates within 5 days after written notice to you; (c) fail to comply with any other provision of the agreement or any mandatory specification and do not correct the failure within 30 days (or such longer period as applicable law may require) after written notice to you.
h.	Cause defined - default which cannot be cured	8.2	We may terminate your Micro-Franchise Agreement upon notice but without providing you with an opportunity to cure if you: (a) make an unauthorized transfer of the Agreement or an ownership interest in you or abandon the Micro-Franchise Business; (b) are convicted or plead no contest to a felony or any other crime or offense that is likely to affect adversely the goodwill associated with the Proprietary Marks; (c) abandon or cease to operate the Micro-Franchise Business for a period of 10 consecutive days; (d) have received 3 notices of default from us within a 12 month period under any agreement between us, regardless of whether the defaults were cured by you; among other defaults.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
i.	Your obligations on termination/non-renewal	8.4	Upon termination, non-renewal, or transfer, you must, at your own cost and expense: (a) cease immediately all operations under the Micro-Franchise Agreement; (b) pay us immediately all unpaid fees and pay us and our affiliates all other monies owed; (c) discontinue immediately the use of the Marks; (d) immediately return the Manuals, along with all other manuals and Confidential Information we loaned to you, and immediately and permanently cease use of the Confidential Information; and (e), if applicable, pay the Early Termination Fee.
j.	Assignment of contract by us	9.1	We have the right to sell, transfer, assign and/or encumber all or any part of our assets and our interest in, and rights and obligations under, the Micro-Franchise Agreement in our sole discretion.
k.	“Transfer” by you - definition	9.2	A “transfer” includes the voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition by you in (a) the rights and obligations of Micro-Franchisee under the Micro-Franchise Agreement, (b) any material assets of the Micro-Franchise Business or (c) the Micro-Franchisee.
l.	Our approval of transfer by franchisee	9.3	You must not sell, transfer, assign or encumber your interest in the Micro-Franchise Business or the Micro-Franchise Agreement without our prior written consent. Any sale, transfer, assignment or encumbrance made without our prior written consent will be voidable at our option and will subject your Micro-Franchise Agreement to termination.
m.	Conditions for our approval of transfer	9.3	We may condition our approval of a transfer on the following occurrences: (a) if you are a business entity the transfer must be to a business entity of which a Qualified Professional owns one hundred percent (100%) of the outstanding equity interests, and any transfer to an individual must be a transfer to a Qualified Profession; (b) you have executed a general release; (c) the transferee executes our then-current form of Micro-Franchise Agreement for the unexpired term of your Micro-Franchise Agreement; (d) you will remain liable for existing obligations and comply with post-term covenants; (e) the transferee satisfactorily completes our Initial Training Program; (f) you pay a transfer fee; (g) the transferee must satisfy certain health care representations and warranties described in the Micro-Franchise Agreement.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
n.	Our right of first refusal to acquire your business	No provision.	Not applicable.
o.	Our option to purchase your business	No provision.	Not applicable.
p.	Your death or disability	9.4, 9.5	In the event of death, disability, or incapacitation, your representative must transfer your interest in the Micro-Franchise Agreement, or the interest in you, if any, to an approved third party that we must approve, in our sole discretion. That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in Section 9.3 of the Micro-Franchise Agreement.
q.	Non-competition covenants during the term of the franchise	9.8	You may not be engaged in a Competitive Business or divert any business or customer of any Clinic or the System to a Competitive Business. A “Competitive Business” is defined as any business or enterprise offering physical therapy, chiropractic, massage therapy, or acupuncture/dry needling services.
r.	Non-competition covenants after the franchise is terminated or expires	9.9	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of your Micro-Franchise Agreement, you may not enter into a Competitive Business.
s.	Modification of the Micro-Franchise Agreement	14	The Micro-Franchise Agreement may not be modified except by a written document signed by both parties.
t.	Integration/merger clauses	14	Only the terms of the micro-franchise agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and micro-franchise agreement may not be enforceable.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
u.	Dispute resolution by arbitration	16.2	Except to the extent that either party seeks temporary or preliminary injunctive or other equitable relief to enforce provisions of this Agreement, all disputes arising under the Micro-Franchise Agreement shall be submitted to binding arbitration in the county and state in which we maintain our principal place of business (currently Washington County, Maryland) (subject to state law) (see the state addendum at Exhibit F).
v.	Choice of forum	16.3	All claims not subject to arbitration must be brought before a court of general jurisdiction in Hagerstown, Maryland, or the United States District Court for the District of Maryland. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Hagerstown, Maryland, and the United States District Court for the District of Maryland (subject to state law).
w.	Choice of law	16.1	The Micro-Franchise Agreement is governed by the laws of the State of Maryland (subject to state law).

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATION**

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

We have included below a historic financial performance representation setting forth Gross Receipts information for 8 existing Micro-Franchisee franchised Businesses that had been open and continuously operating in the U.S. on a full-time basis for at least one full calendar year as of December 31, 2024 for each full calendar year in operation. As of December 31, 2024, there were 11 franchised Micro-Franchisee Businesses. Of the 11 franchised Micro-Franchisee Business, we excluded 3 franchised Micro-Franchisee Businesses that opened in 2024 and did not operate for

all of 2024. We also did not include information from 3 franchised Micro-Franchisee Businesses that ceased operations in 2024 (none of which had been open less than 12 month).

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Average Gross Receipts</b>	\$75,119	\$107,829	\$145,246	\$125,354	\$176,267
<b>Median Gross Receipts</b>	\$61,844	\$87,049	\$132,668	\$110,923	\$156,596
<b>Low Gross Receipts</b>	\$16,601	\$15,976	\$38,0370	\$94,167	\$124,974
<b>High Gross Receipts</b>	\$198,097	\$273,079	\$283,935	\$183,633	\$215,610
<b>Number of Micro-Franchisees</b>	8	8	7	4	3
<b>Number who Met/Exceeded Average</b>	3 (38%)	3 (38%)	4 (57%)	1 (25%)	2 (67%)

<b>Micro Franchisee</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Franchisee #1: Massage Therapist	\$83,049	\$110,564	\$112,243	\$112,691	\$124,974
Franchisee #2: Athletic Trainer	\$73,294	\$71,370	\$94,750	\$110,923	\$188,218
Franchisee #3: Acupuncturist	\$127,969	\$187,220	\$159,800	\$183,633	\$215,610
Franchisee #4: Movement Therapist	\$13,020	\$15,946	\$38,370	\$94,167	
Franchisee #5: Acupuncturist	\$61,773	\$102,728	\$153,093		
Franchisee #6: Athletic Trainer	\$27,150	\$64,550	\$174,530		
Franchisee #7: Physical Therapist	\$198,097	\$273,079	\$283,935		
Franchisee #8: Massage Therapist	\$16,601	\$37,173			

For purposes of this Item 19, “Gross Receipts” means the aggregate of all revenue that Micro-Franchisee receives from the Micro-Franchise Business or from providing services or goods that SEF implements as a standard or optional part of the offerings at Clinics, as received from all sources whether by cash, check, debit, credit, barter transaction, virtual currency or otherwise, plus all proceeds from any business interruption insurance, but excluding all refunds made in good faith and any sales and equivalent taxes which are collected by Micro-Franchisee for or on behalf of any governmental taxing authority.

Year 1 includes data on the Gross Receipts for all 8 Micro-Franchisees’ first full calendar year in operation, Year 2 includes data on the Gross Receipts for all 8 Micro-Franchisees’ second full calendar year in operation, Year 3 includes data on the Gross Receipts for 7 Micro-Franchisees’ third full calendar year in operation, Year 4 includes data on the Gross Receipts for 4 Micro-Franchisees’ fourth full calendar year in operation and Year 5 includes data on the Gross Receipts for 3 Micro-Franchisees’ fifth full calendar year in operation. Each Micro-Franchisee provided treatments between 10 to 36 hours per week.

Written substantiation of the data contained in this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing

outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Susan King Glosby, 8001 Forbes Place, #211, Springfield, Virginia 22151, Telephone: (571) 212-2299, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**Table 1**

**Systemwide Outlet Summary<sup>1</sup>**  
**For years 2022 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	2022	14	14	0
	2023	14	11	-3
	2024	11	11	0
<b>Company-Owned</b>	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
<b>Total Outlets</b>	<b>2022</b>	<b>14</b>	<b>14</b>	<b>0</b>
	<b>2023</b>	<b>14</b>	<b>11</b>	<b>-3</b>
	<b>2024</b>	<b>11</b>	<b>11</b>	<b>0</b>

**Table 2**

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2022 to 2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

**Table 3**

**Status of Franchised Outlets  
For years 2022 to 2024**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations Other Reasons</b>	<b>Outlets at End of the Year</b>
Maryland	2022	8	2	2	0	0	0	8
	2023	8	0	1	0	0	0	7
	2024	7	2	1	0	0	0	8
Pennsylvania	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
Wisconsin	2022	5	0	0	0	0	0	5
	2023	5	0	2	0	0	0	3
	2024	3	1	0	1	0	0	3
<b>Totals</b>	<b>2022</b>	<b>14</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
	<b>2023</b>	<b>14</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
	<b>2024</b>	<b>11</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>11</b>

**Table 4**

**Status of Company-Owned Outlets  
For years 2022 to 2024**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of the Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired From Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of the Year</b>
<b>Totals</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 5**

**Projected Openings as of December 31, 2024 for 2025**

<b>State</b>	<b>Micro-Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlet In The Next Fiscal Year</b>	<b>Projected New Company-Owned Outlet In the Next Fiscal Year</b>
Maryland	0	3	0
Wisconsin	0	2	0
<b><u>Totals</u></b>	0	5	0

Notes for Charts in Item 20

1. The Systemwide “Outlet” Summary lists all franchised and company-owned Micro-Franchise Businesses in the System. The names, addresses and telephone numbers of all Micro-Franchisees as of December 31, 2024, are listed in Exhibit C.
2. Also listed on Exhibit C are any Micro-Franchisees who have had a Micro-Franchise Business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Micro-Franchise Agreement or transferred a Micro-Franchise Business.
3. We have not had a Micro-Franchisee who has failed to communicate with us since within the 10 weeks prior to the issuance date of this disclosure document.

If you buy a Micro-Franchise Business, your contact information may be disclosed to other buyers when you leave the system.

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

We have no trademark specific franchisee association.

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

Attached as Exhibit E are our audited financial statements for the period ended December 31, 2024, our balance sheet as of December 31, 2024, December 31, 2023, and December 31, 2022, and the related statements of income, members’ equity and cash flows for the years then ended.

Our fiscal year end is December 31 of each year.

**ITEM 22**  
**CONTRACTS**

The following contracts, agreements and other relevant documents are attached as Exhibits to this Disclosure Document:

Micro-Franchise Agreement (and Exhibits)	Exhibit A
State Specific Agreement Amendments	Exhibit F
General Release	Exhibit G
Franchisee Compliance Certification	Exhibit H

**ITEM 23**  
**RECEIPTS**

The last two pages of this disclosure document (Exhibit I) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this disclosure document.

**EXHIBIT A**  
**MICRO-FRANCHISE AGREEMENT**



**MICRO-FRANCHISE AGREEMENT**

**between**

**Structural Elements Franchising, LLC**

**and**

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EXHIBIT A - DESIGNATED LOCATION AND KEY TERMS

EXHIBIT B - GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

EXHIBIT C – NON-SOLICITATION, NON-COMPETE AND NON-DISCLOSURE  
AGREEMENT

## STRUCTURAL ELEMENTS MICRO-FRANCHISE AGREEMENT

This Micro-Franchise Agreement (“**Agreement**”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), by and between Structural Elements Franchising, LLC, a Maryland limited liability company with principal offices located at 13214 Fountainhead Plaza, Hagerstown, Maryland 21742 (“**SEF**” or “**us**”); and \_\_\_\_\_ a [resident of] [corporation organized in] [limited liability company organized in] \_\_\_\_\_ and having principal offices at \_\_\_\_\_ (“**Micro-Franchisee**”).

### BACKGROUND:

A. SEF, as the result of the expenditure of significant time, skill, effort and money, has developed a distinctive system (the “**System**”) consisting of a multi-tiered business format and methodology for establishing and operating orthopedic wellness centers (the “**Clinics**”) that are identified by the Marks (defined below) and operate under the System and/or for providing specializing therapeutic treatments at or from the Clinics, using the Marks.

B. The distinguishing characteristics of the System include, among other things; orthopedic and healthcare services utilizing a blend of Eastern and Western treatment modalities to promote whole-body wellness, longevity, and performance, which may include manual therapy, soft tissue work, acupuncture/dry needling, exercise and recovery services, lab tests, health coaching, physician services and other SEF-approved modalities (the “**Methods**”), equipment layout and signage, distinctive interior and exterior design, décor, color scheme and furnishings, fixtures and other trade dress elements; proprietary products; standards, specifications, policies and procedures for management and operations; quality, distinctiveness and uniformity of services and products; standards, specifications, and procedures for customer, lead, inventory, sales and financial management and control; training and assistance; and advertising, marketing and promotional programs all as more particularly described and designated in the Manuals (defined in Section 5.1.4) and all of which SEF may change, improve, and further develop at its option from time to time.

C. SEF identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin that have been licensed to SEF by its affiliate, including the name “**Structural Elements**” and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by SEF or its affiliate in writing) for use in connection with the System (the “**Marks**”). SEF and its affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance, and service.

D. The System is designed to facilitate the operation of a multi-tiered franchise model consisting of unit franchisees and area representatives that serve as master practitioners and micro-franchisees that serve as practitioners as described below.

E. Under the unit franchise model, SEF grants to qualified persons (“**Unit Franchisees**”), pursuant to a unit franchise agreement (the “**Unit Franchise Agreement**”) the right to: (i) establish, own and operate a franchised Clinic (each, a “**Franchised Clinic**”) which will also house Micro-Franchisees as described below (the “**Unit Franchise Business**”).

F. Under the area representative model for practitioners, SEF grants to qualified persons (“**Area Representatives**”), pursuant to an area representative agreement (the “**Area Representative Agreement**”) the right, in a designated area granted to Unit Franchisees, and at or from a Franchised Clinic, to: (i) solicit and recruit prospective Micro-Franchisees, (ii) train Unit Franchisees and Micro-Franchisees in the Methods, and (iii) provide the Methods to customers (the “**Area Representative Business**”).

G. Under the micro-franchise model for practitioners, SEF grants to qualified persons (“**Micro-Franchisees**”), pursuant to a micro-franchise agreement (the “**Micro-Franchise Agreement**”) the right to provide the Methods to customers, at or from a Franchised Clinic (the “**Micro-Franchise Business**”). (Together, each of the businesses established and operating under the System and described in these recitals are defined herein as the “**SEF Businesses.**”)

H. The SEF Businesses will generally consist of Clinics that operate under the System, utilize the Methods and are identified by the Marks, have all forms of facility and/or professional licensure as may be required under state law and are owned by such individual(s) as may be required under state law to offer services of Qualified Professionals at the Clinic. “**Qualified Professional**” means a person who is legally qualified and licensed under state law to perform medical services, chiropractic, physical therapy, massage therapy, acupuncture/dry needling, personal training or other wellness services in the state or territory in which the Clinic is located.

I. Micro-Franchisee desires to obtain the right to develop and operate a Micro-Franchise Business as described in this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SEF and Micro-Franchisee hereby agree as follows:

1. GRANT

Grant of Rights. SEF hereby grants to Micro-Franchisee the right (and Micro-Franchisee hereby accepts the obligation), pursuant to the terms and conditions of this Agreement, to establish and operate a Micro-Franchise Business at and from the Franchised Clinic that is described in Paragraph 1 of Exhibit A attached hereto (the “**Designated Location**”). In this regard, the parties further agree that:

1.1.1 Subject to the federal and state health care laws and regulations described in this Agreement and at all times in full compliance with the Health Care Representations and Warranties (as defined in Section 5.7 of this Agreement), Micro-Franchisee shall provide the Methods to customers only at or from the Designated Location.

1.1.2 This Agreement does not grant Micro-Franchisee the right to operate any Clinics and Micro-Franchisee shall use the System and the Marks only as described herein. Micro-Franchisee acknowledges and agrees that in establishing and operating a Micro-Franchise Business, Micro-Franchisee is subject to numerous federal and state laws and regulations as a “provider” or “supplier” (as such terms are defined under the Medicare program) of health care services, practitioner of health care services or the healing arts and/or a Qualified Professional.

1.2 Reservation of Rights. Micro-Franchisee will not receive any exclusive territory or other rights and shall operate the Micro-Franchise Business only at the Designated Location. SEF retains all rights not expressly granted by this Agreement. For example, without obligation to Micro-Franchisee, SEF, its affiliates or designees shall have the right (among others) on any terms and conditions SEF deems advisable, and without granting Micro-Franchisee any rights therein, to:

1.2.1 establish and operate, and license others to establish and operate, Clinics and/or Micro-Franchise Businesses at and from any physical premises (including other Micro-Franchise Businesses located at the Designated Location) notwithstanding such Clinics’ and Micro-Franchise Businesses’ proximity to the Designated Location, or the actual or threatened financial impact on the Micro-Franchise Business;

1.2.2 establish, acquire or operate, or license others to establish and operate, clinics or businesses under systems or marks other than the System and the Marks, which clinics or businesses may offer or sell services or products that are the same as, or similar to, the services and products offered from the Designated Location, and which clinics or businesses may be located within or outside the Designated Location, despite these clinics’ or businesses’ proximity to the Designated Location or the actual or threatened financial impact on the Micro-Franchise Business. Micro-Franchisee acknowledges and agrees that SEF or its affiliates may be acquired by another business or system that operates and/or franchises clinics that are the same as or similar to the Clinics; and

1.2.3 sell and distribute, directly or indirectly, or license others to sell and distribute any services, products or merchandise at and from any location or to any purchaser (including sales made on the Internet).

1.3 No Sublicensing. Micro-Franchisee shall have no right under this Agreement to license others to use the Marks or System in any manner.

1.4 Ownership by the Qualified Professional. If Micro-Franchisee is an individual, Micro-Franchisee shall be a Qualified Professional. If Micro-Franchisee is a business entity, the Qualified Professional shall at all times own one hundred percent (100%) of the outstanding equity interests in Micro-Franchisee.

## 2. FEES

2.1 Micro-Franchise Fee. In consideration of the rights granted herein, Micro-Franchisee shall pay to SEF the Micro-Franchise Fee specified in Exhibit A (the “**Micro-**

**Franchise Fee**”) on or before the Effective Date. Except as otherwise provided in this Agreement, the Micro-Franchise Fee shall be fully earned when received by SEF and shall be non-refundable in consideration of administrative and other expenses incurred by SEF and for the development opportunities lost or deferred as a result of the rights granted Micro-Franchisee herein.

2.2 Training Fee. Prior to opening of the Micro-Franchise Business, Micro-Franchisee must pay SEF the initial training fee (“**Initial Training Fee**”) set forth in Exhibit A. The Initial Training Fee may be paid in 36 monthly installments during the Term of the Agreement starting on the Effective Date, or it may be paid in a lump sum payment prior to opening of the Micro-Franchise Business. The Initial Training Fee is nonrefundable.

2.3 Service Fees. Micro-Franchisee shall pay SEF the service fees described on Exhibit A on the tenth (10th) day of each calendar month. The parties have concluded that the Service Fees are a commercially reasonable reflection of the value of services SEF or its designees provide to Micro-Franchisee that are not otherwise described by the fees described in this section. “**Gross Receipts**” means the aggregate of all revenue that Micro-Franchisee receives from the Micro-Franchise Business or from providing services or goods that SEF implements as a standard or optional part of the offerings at Clinics, as received from all sources whether by cash, check, debit, credit, barter transaction, virtual currency or otherwise, plus all proceeds from any business interruption insurance, but excluding all refunds made in good faith and any sales and equivalent taxes which are collected by Micro-Franchisee for or on behalf of any governmental taxing authority.

2.4 Brand Building Contribution. When the Brand Building Fund described in Section 7.1 is established by SEF, Micro-Franchisee agrees to pay SEF Brand Building Contributions on the tenth (10th) day of each calendar month in an amount described on Exhibit A (the “**Brand Building Contribution**”).

2.5 Electronic Funds Transfer; Designated Bank Account. Micro-Franchisee shall pay all ongoing fees by or through an electronic funds transfer (“**EFT**”). Micro-Franchisee agrees to comply with SEF’s payment instructions and to execute such documents as SEF may request from time to time to authorize and direct Micro-Franchisee’s bank to pay and deposit directly to the account designated by SEF all ongoing fees due hereunder. By the first (1st) day of each calendar month, Micro-Franchisee shall make deposits to the account sufficient to cover amounts owed to SEF for the preceding calendar month just ended. Micro-Franchisee shall execute any documents SEF’s and/or Micro-Franchisee’s bank require to establish and implement the EFT process. Micro-Franchisee shall maintain a primary business checking account for the Micro-Franchise Business (the “**Designated Bank Account**”) and shall provide SEF with the information SEF requests regarding the Designated Bank Account. Once the EFT is established, Micro-Franchisee shall not close the Designated Bank Account without providing advance notice to SEF. SEF reserves the right to change the manner and method of payment by Micro-Franchisee for all payments owed to SEF.

2.6 Returned Check; NSF Fee. In the event that any check written by Micro-Franchisee to the order of SEF is returned for insufficient funds, SEF is assessed a non-sufficient or insufficient funds fee (“**NSF**”) or the account balance in the Designated Bank Account is otherwise insufficient to cover an EFT, Micro-Franchisee shall pay SEF a fee of fifty dollars (\$50)

for each such occasion of a return for insufficient funds. Any payment that cannot be collected by SEF on the due date shall be deemed to be overdue and Micro-Franchisee shall be in default under this Agreement. Micro-Franchisee's failure to have sufficient funds available or to otherwise make payments when due on three (3) or more occasions within any twelve (12) month period shall be grounds for termination of this Agreement pursuant to Section 8.

2.7 Interest on Late Payments. All overdue payments for Service Fees and other amounts payable by Micro-Franchisee under this Agreement shall bear interest from the date due until the date actually received by SEF at the rate of one and a half percent (1.5%) per calendar month, or the highest rate permitted by law, whichever is less. Interest will accrue on all late payments regardless of whether SEF exercises its right to terminate this Agreement as provided for herein in Section 8.

2.8 Application of Payments. Notwithstanding any designation by Micro-Franchisee to the contrary, any payments made by Micro-Franchisee hereunder may be applied by SEF at its option to any of Micro-Franchisee's past due indebtedness.

2.9 Fee Adjustment. SEF may adjust all fees payable under this Agreement as a specific dollar amount (versus a percentage of another amount) up to twenty (20%) each calendar year upon written notice to Micro-Franchisee.

2.10 Regulatory Compliance; Fair Market Value. The fees described in this Section 2 represent fair market value payment for Micro-Franchisee's use of the System and are not based on, or intended to take into account, the services that Micro-Franchisee or the Micro-Franchise Business provides or the volume or value of any referrals or other business otherwise generated, if any, under this Agreement or any other agreement Micro-Franchisee has signed with SEF. Micro-Franchisee acknowledges and agrees that SEF is not a provider of health care services, that SEF is not in the position to make referrals of patients and that SEF does not otherwise recommend or arrange for the provision of health care services through the marketing or public awareness efforts that SEF makes under this Agreement. The fees outlined in this Section 2 may be modified by SEF no more than once every twelve (12) month period during the Term.

### 3. ADMINISTRATIVE SERVICES AND LEASE AGREEMENT

3.1 Administrative Services and Lease Agreement; Insurance; Corporate Practice of Medicine. Micro-Franchisee shall enter into an administrative services and lease agreement in a form approved by SEF ("**Administrative Services and Lease Agreement**") with the Unit Franchisee in whose Clinic the Micro-Franchise Business shall be housed. Micro-Franchisee acknowledges and agrees that some states have minimum coverage requirements for professional liability insurance, including for services that may be offered by Micro-Franchisees working at such businesses. The Administrative Services and Lease Agreement will provide that Micro-Franchisee is responsible for consulting with its own insurance agents, attorneys and other insurance advisors to determine the level of insurance protection the Micro-Franchise Business needs and desires, and for which coverage is necessary or warranted on behalf of the Qualified Professional providing services on behalf of the Micro-Franchise Business, in addition to the coverage and limits required by SEF under those Agreements or specified in the Manual. At a

minimum, however, Micro-Franchisee shall maintain professional liability insurance with such minimum coverage levels as may be required under state law or, if state law does not require minimum coverage amounts, at the amount of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate. Such insurance will be either occurrence or claims made with an extended period reporting option. Any additional requirements as to Micro-Franchisee's professional liability insurance will be as set forth in the Manual.

3.1.1 Micro-Franchisee shall not execute the Administrative Services and Lease Agreement until SEF has approved the agreement.

3.1.2 The Administrative Services and Lease Agreement shall also require, among other things that: (i) Micro-Franchisee comply with the terms of this Agreement, (ii) a default by Micro-Franchisee under this Agreement or Administrative Services and Lease Agreement shall also be deemed a default under their Administrative Services and Lease Agreement or this Agreement, (iii) the Administrative Services and Lease Agreement term is co-terminus with the term of this Agreement, and (iv) SEF be designated by the parties as a third-party beneficiary of the Administrative Services and Lease Agreement.

3.1.3 Before Micro-Franchisee enters into an Administrative Services and Lease Agreement, Micro-Franchisee is required to comply with the following requirements as applicable:

3.1.3.1 Micro-Franchisee may be required to qualify as a professional firm, professional corporation or similar type of corporate entity organized and permitted, under applicable provisions of state law, to operate a health care clinic and provide the services and products to clients that constitute the Methods, and to be owned by, employ or have independent contractor relationships with a Qualified Professional. Micro-Franchisee shall perform such actions as are necessary to obtain such qualifications and hereby warrant and represent compliance with the same.

3.1.3.2 Micro-Franchisee will at all times be free, in its sole discretion, and solely responsible for, the exercise of professional judgment on behalf of patients, as required under state law for a Qualified Professional. No provision of this Agreement permits SEF to control or direct, or permits a Unit Franchisee to control or direct, Micro-Franchisee (or its Qualified Professional) in the exercise of professional judgment in the practice of its regulated discipline(s) at the Designated Location.

3.1.3.3 Micro-Franchisee shall have complete control over, and is fully responsible for, all aspects of the practice of professional health care or healing arts services provided at or from the Designated Location, including the selection of inventory and medical equipment, coding and billing procedures, collection of patient financial responsibility, decisions regarding any patient's need for referral to other health care practitioners, the use of laboratories, the necessity for and selection of diagnostic tests, obtaining informed consent from patients, the disposition of treatment records and training and supervision of licensed, registered or certified practice extenders or other employees or agents involved in the delivery of professional health care or healing arts services by Micro-Franchisee.

3.1.4 Micro-Franchisee shall not use the Designated Location for any purpose other than the operation of the Micro-Franchise Business and Micro-Franchisee shall not sublease space within any Designated Location to, or otherwise allow third parties to operate, any trade or business from the Designated Location without SEF's prior written consent.

3.1.5 Referrals. Micro-Franchisee and the Micro-Franchise Business are not permitted to accept referrals of patients from the Unit Franchisee.

3.1.6 Notify SEF of Infringement. Micro-Franchisee shall notify SEF in writing of any infringement or suspected infringement or any use of the Marks, System, Copyrighted Works (defined in Section 6.3) Confidential Information (defined in Section 5.2.10), Trade Secret (defined in Section 5.2.10), software, domain names, URLs, meta tags, or trade dress which SEF makes available to Micro-Franchisee by a third party. SEF shall, at its option, determine whether to take or to initiate any action, litigation, or administrative proceeding arising out of such alleged unauthorized use. SEF alone shall control any litigation and settlement terms. Micro-Franchisee shall have no right to make any demand without SEF's prior approval, or to prosecute any claim of any kind against such alleged infringer.

#### 4. TERM

4.1 Term. The term of this Agreement and all rights granted to Micro-Franchisee hereunder shall expire three (3) years after the Effective Date, unless this Agreement is earlier terminated in accordance with the terms set out in this Agreement (the "**Term**").

4.2 Renewal. Micro-Franchisee may, at its option, renew its right to operate as a Micro-Franchisee for three (3) additional consecutive three (3) year terms, subject to the following conditions, each of which must be met prior to the renewal:

4.2.1 At least one hundred eighty (180) days prior to expiration of each then-current term, Micro-Franchisee gives SEF written notice of its desire to exercise its option to renew;

4.2.2 At least one hundred eighty (180) days prior to expiration of each then-current term, Micro-Franchisee executes the form of Micro-Franchise Agreement then in use by SEF, which agreement may contain terms materially different from those in this Agreement or in the form of Micro-Franchise Agreement under which Micro-Franchisee then is operating, including a renewal fee; provided the Designated Location will not be altered;

4.2.3 Micro-Franchisee has complied with all provisions of the Agreement during the then-current term, including the payment on a timely basis of all fees due. "**Compliance**" shall mean, at a minimum, that Micro-Franchisee has not received any written notification from SEF of a breach of this Agreement more than three (3) times during the initial term or any renewal term;

4.2.4 Micro-Franchisee is not in default or under notification of breach of this Agreement at the time it gives notice;

4.2.5 Micro-Franchisee executes a general release, in a form satisfactory to SEF, of any and all claims against SEF and its affiliates, and their respective owners, members, shareholders, officers, directors, employees, and agents, arising out of or relating to this Agreement;

4.2.6 At the time Micro-Franchisee gives written notice of Micro-Franchisee's intent to renew pursuant to Section 4.2.1, there is a currently operating Unit Franchise Clinic available from which Micro-Franchisee may be housed and from which SEF approves Micro-Franchisee to operate the Micro-Franchise Business;

4.2.7 Micro-Franchisee completes to SEF's satisfaction any continuing education designated or prescribed by SEF; and

4.2.8 Micro-Franchisee pays, in lieu of the Micro-Franchise Fee prescribed by the then-current form of Micro-Franchise Agreement described in Section 4.2.2 hereof, a renewal fee equal to twenty-five percent (25%) of SEF's then-current Micro-Franchise Fee for a new Micro-Franchise Business, but in no event less than \$625 when it delivers the written notice required under Section 4.21.

4.3 No assurances of a renewal franchise agreement. Micro-Franchisee accepts this Agreement with the full and complete understanding that the grant of rights to operate a Micro-Franchise Business hereunder is not a promise or assurance that Micro-Franchisee will be granted a renewal franchise agreement.

## 5. DUTIES OF THE PARTIES

### 5.1 SEF's Obligations.

5.1.1 Delegation of Duties. Micro-Franchisee acknowledges and agrees that any designee (including a Unit Franchisee or Area Representative), employee, or agent of SEF may perform any single duty or obligation or all of the duties or obligations imposed on or available to SEF by this Agreement, as SEF may direct.

5.1.2 Initial and Ongoing Assistance. Prior to the Micro-Franchise Business opening, SEF shall provide to Micro-Franchisee, such training programs as SEF may designate, to be conducted at such time(s) and location(s) designated by SEF. SEF shall also provide such ongoing training as it may, from time to time, deem appropriate. SEF shall be responsible for the cost of instruction and materials, subject to the terms set forth in Section 5.2 below.

5.1.3 Opening Assistance. SEF shall provide such pre-opening assistance to Micro-Franchisee as SEF prescribes in the Manuals or otherwise in writing. The date and time of the pre-opening support will be determined by SEF.

5.1.4 Manuals. In order to protect SEF's reputation and goodwill and to maintain high standards of operation under the Marks, Micro-Franchisee shall operate the Micro-Franchise Business in accordance with the "**Manuals**", one (1) copy of which Micro-Franchisee acknowledges having received on loan from SEF for the Term. The Manuals shall be numbered

consecutively and may consist of multiple volumes of printed or electronic text and other electronically stored data, and various and periodic or episodic operational and/or management bulletins, in any format. Micro-Franchisee acknowledges and agrees that SEF may provide a portion or all of the Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including through the Internet. Notwithstanding the foregoing or anything contained in the Manuals, each Qualified Professional shall have the right to exercise his or her independent professional judgement in rendering licensed services, and the standards and specifications of the Manual shall be construed in a manner not restricting the exercise of such professional judgment.

5.1.5 Advertising and Promotion. SEF shall have the right to approve or disapprove all advertising and promotional materials that Micro-Franchisee proposes to use, pursuant to Section 7.3 below. In addition, during the term of this Agreement, SEF shall provide Micro-Franchisee with such other advertising assistance, sales advice, or related materials as SEF deems advisable.

5.1.6 Brand Building Fund. SEF may establish and administer the system-wide advertising, marketing, promotional, and brand development fund, which may be referred to as the “**Brand Building Fund,**” or such other name as SEF may designate, in the manner set forth in Section 7.1 below.

5.1.7 Ongoing Assistance. SEF shall provide such periodic individual or group advice, consultation and assistance, rendered by personal visit, telephone, mail or e-mail and made available from time to time as SEF deems advisable at the time(s) and in the manner determined by SEF.

5.1.8 Bulletins and Reports. SEF shall provide Franchisee such bulletins, brochures and reports published by SEF from time to time as SEF deems advisable regarding its plans, policies, research, developments and activities.

5.1.9 Computer System. SEF shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among SEF Businesses, including: (a) back office and point of sale systems, reservations systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Designated Location, between or among Clinics, and between and among the Micro-Franchisee and SEF; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; (e) e-mail systems; and (f) Internet access mode and speed (collectively, the “**Computer System**”).

5.2 Micro-Franchisee’s Obligations. Micro-Franchisee accepts the following obligations, all of which shall be performed in accordance with the Health Care Representations and Warranties (defined in this section):

5.2.1 System Standards and Development of the Micro-Franchise Business. Micro-Franchisee understands and acknowledges that every detail of the Micro-Franchise Business is important to Micro-Franchisee, SEF, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products offered by

SEF Businesses, and to protect SEF's reputation and goodwill. Micro-Franchisee shall open the Micro-Franchise Business according to the requirements contained herein, and Micro-Franchisee shall open the Micro-Franchise Business no later than ninety (90) days from the Effective Date.

5.2.2 Micro-Franchise Business Opening. In connection with the opening of the Micro-Franchise Business:

5.2.2.1 Micro-Franchisee shall not open the Micro-Franchise Business for business without first complying with all of SEF's pre-opening requirements and obligations contained in this Agreement and the Manuals, and without SEF's prior written approval.

5.2.2.2 Micro-Franchisee shall not open the Micro-Franchise Business until Micro-Franchisee has successfully completed all training required by SEF.

5.2.2.3 Micro-Franchisee shall not open the Micro-Franchise Business until all amounts due to SEF under this Agreement or any other related agreements have been paid.

5.2.3 Training. Micro-Franchisee acknowledges that it must be knowledgeable regarding the operation of SEF Businesses, including the provision of customer service in accordance with the brand standards established by SEF, which may be modified by SEF from time to time. Micro-Franchisee acknowledges that successful completion of SEF's training programs by Micro-Franchisee is critical to properly establish and operate the Micro-Franchise Business. Prior to the opening of the Micro-Franchise Business, Micro-Franchisee (if Micro-Franchisee is an individual) or Micro-Franchisee's Qualified Professional shall attend and successfully complete, to SEF's satisfaction, the Initial Training Program and Micro-Franchisee must pay SEF the Initial Training Fee described in Section 2.2. The Initial Training Fee is nonrefundable. Micro-Franchisee must complete the Initial Training Program no later than ninety (90) days after the Effective Date. The training programs including the Initial Training Program shall be conducted at Clinics or other facilities designated by SEF.

5.2.3.1 Ongoing Training. Micro-Franchisee may also be required to attend such webinars, courses, and other training programs as SEF may reasonably specify from time to time, including up to eight (8) hours of continuing education programs each year during the term of this Agreement.

5.2.4 Annual Convention. Micro-Franchisee must attend annually for up to three (3) days, one (1) convention or conference that SEF sponsors or designates. SEF reserves the right to charge Micro-Franchisee a fee to attend the annual convention and may charge this fee even if Micro-Franchisee fails to attend the annual convention unless SEF provides written confirmation of Micro-Franchisee's excused absence. SEF shall have no obligation to host or sponsor a convention or conference.

5.2.5 Training Costs. The cost of the Initial Training Program and required materials shall be borne by Micro-Franchisee. Micro-Franchisee shall also bear the expenses incurred in connection with training and attendance at SEF's annual convention, including the costs of transportation, lodging, meals, wages, workers' compensation insurance and trainees' meals during training sessions.

5.2.6 Additional Training. If Micro-Franchisee requests that SEF provide on-site training in addition to that described in this Section 5.2, and SEF agrees to do so, then Micro-Franchisee agrees that it shall pay SEF One Thousand Dollars (\$1,000) per half day of training, in addition to any expenses incurred by SEF in offering such training.

5.2.7 Health, Sanitation and Safety Standards. Micro-Franchisee shall meet and maintain the highest health, sanitation and safety standards and ratings applicable to the operation of the Micro-Franchise Business.

5.2.8 Provide Only Approved Products and Services. Micro-Franchisee may neither sell products nor provide services to customers or patients which have not been approved in advance by SEF. Notwithstanding the foregoing, nothing in this Agreement shall be construed to give SEF or its designees the right to interfere with the Qualified Professional's exercise of his or her independent professional judgement in rendering licensed services.

5.2.9 Do Not Solicit or Accept Commissions or "Kickbacks". Micro-Franchisee shall neither solicit nor accept any bribe, kickback, commission or other payment payable from any Unit Franchisee or any vendor selling to Micro-Franchisee. Micro-Franchisee shall not participate financially in or with any vendor selling to a Unit Franchisee nor shall Micro-Franchisee sell or lease any items to a Unit Franchisee without full and prior disclosure of the details of Micro-Franchisee's involvement in the affairs or ownership of the vendor to SEF, and without SEF's approval. SEF may condition SEF's approval of any such arrangements on the payment of a fee to SEF.

5.2.10 Confidential Information. "**Confidential Information**" means all client data and all information disclosed by SEF to Micro-Franchisee in the course of preparing to perform or performing under this Agreement, including information relating to the System, any Trade Secret (defined below), related documentation, specifications, and training materials, all other methods for establishing, operating and promoting the Micro-Franchise Business pursuant to SEF's distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, the Manuals, client lists and data, ideas, research and development, and such other information as may be further developed periodically by SEF or identified to Micro-Franchisee by SEF as confidential. Except with regard to client data and similar information regarding clients disclosed by SEF to Micro-Franchisee through training programs, "**Confidential Information**" shall not include information that Micro-Franchisee can establish, by competent proof: (i) was known to the public prior to its disclosure to Micro-Franchisee, or has become known to the public through no fault of Micro-Franchisee; or (ii) was, prior to disclosure by SEF, disclosed to Micro-Franchisee by a third party having a lawful right to make such disclosure without limitation on disclosure. Micro-Franchisee acknowledges and agrees that all Confidential Information is exclusively owned by SEF as its intellectual property. During the term of this Agreement and for five (5) years after its termination or expiration, Micro-Franchisee shall retain the Confidential Information in confidence, shall not use any such Confidential Information for its own benefit (except in performance of this Agreement or any renewal agreement) or for the benefit of any third party, and shall not disclose any such Confidential Information to any third party (except as expressly provided in this Agreement). Notwithstanding the above, Confidential Information which qualifies as a Trade Secret shall be

maintained in confidence for the maximum period of time permitted by the applicable law therefore. Moreover, the client data collected through the Micro-Franchise Business is solely for the use by Micro-Franchisee under a Micro-Franchise Agreement with SEF or transfer by Micro-Franchisee to an approved transferee. However, any provision to the contrary notwithstanding, it shall not be a violation of Micro-Franchisee's confidentiality obligation if disclosure of Confidential Information: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. A "**Trade Secret**" is information including the Methods, technical or non-technical data, compilations, programs, methods, techniques, processes, financial data, financial plans or lists of actual or potential clients which derives economic value, actual or potential, from not being generally known to, and not readily ascertainable by proper means by, other persons or entities who can obtain economic value from its disclosure or use.

5.2.11 Compliance with all Laws. Micro-Franchisee shall comply with all requirements of federal, state, and local laws, rules, and regulations, including all Health Care Representations and Warranties. To the extent that the requirements of said laws are in conflict with the terms of this Agreement or other instructions of SEF, Micro-Franchisee shall: (a) comply with said laws; and (b) immediately provide written notice describing the nature of such conflict to SEF.

5.2.12 Corporate Form. Micro-Franchisee shall confirm that applicable state law for the corporate form of Micro-Franchisee, permits use of a name that does not end in a mandated designation such as "PLLC", "PC", "PLC", "SC" or similar suffix ("Professional Designation"). If any such Professional Designation is required under applicable law, Micro-Franchisee will provide notification to SEF of the same, together with documentation supporting such requirement and the parties will work collaboratively to resolve the matter.

5.2.13 Accounting Records; Financial Reports. Micro-Franchisee shall establish and maintain bookkeeping, accounting, and financial records for the Micro-Franchise Business conforming to such requirements as are prescribed by SEF in the Manuals from time to time (the "**Accounting Records**"). Micro-Franchisee must maintain all information and data relating to the operation of the Micro-Franchise Business in a secure database throughout the term of this Agreement and permit SEF to access such records in person or by computer from a remote location. Micro-Franchisee acknowledges and agrees that if SEF is required or permitted by statute, rule, regulation, or any other legal authority to disclose any information regarding Micro-Franchisee or the financial performance of the Micro-Franchise Business, including, without limitation, earnings or other financial information, SEF will be entitled to disclose such information. In addition, Micro-Franchisee hereby expressly permits SEF to disclose any such information to potential purchasers (and their employees, agents, and representatives) of SEF. Micro-Franchisee shall also provide SEF with all financial reports that SEF may reasonably require from time to time in the form prescribed by SEF (the "**Financial Reports**"), whether specified in the Manuals or otherwise in writing. SEF may require all Financial Reports to be submitted via Internet transmission or any other medium designated by SEF.

5.3 Guarantee. If Micro-Franchisee is a business entity, the Qualified Professional shall jointly and severally guarantee Micro-Franchisee's performance of each and every provision of this Agreement by executing the Guarantee in the form attached to this Agreement as Exhibit B.

5.4 Confidentiality of the Manuals. Micro-Franchisee shall at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Micro-Franchise Business, and the information contained therein, as confidential, and shall use best efforts to maintain such information as secret and confidential. Micro-Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

5.5 Protection of the Manuals; Disputes. The Manuals shall at all times remain SEF's sole property. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by SEF at its home office shall be controlling.

5.6 Revisions to the Manuals. SEF may from time to time revise the contents of the Manuals, and Micro-Franchisee agrees to make corresponding revisions to Micro-Franchisee's copy of the Manuals and to comply with each new or changed standard immediately upon receipt of such revision. Any such revisions to the Manuals will be subject to the exercise of the Qualified Professional's professional judgment, which shall not be impaired or constrained.

5.7 Health Care Representations and Warranties; Financial Relationship between Micro-Franchisee and Unit Franchisees. The provisions in this Section 5.7 are referred to collectively in this Agreement as the "**Health Care Representations and Warranties.**"

5.7.1 Anti-kickback Statute and Related Laws. Micro-Franchisee shall comply with all laws and regulations that govern the relationship (including the exchange of any remuneration) between Micro-Franchisee and any health care providers and individuals or organizations that may refer patients to health care providers for the furnishing of any items or services reimbursable in whole or part by federal or state health care programs, or in return for purchasing, leasing, ordering or arranging for or recommending purchasing, leasing or ordering any goods, facilities, services or items for which payment may be made in whole or part by federal or state health care programs. This includes without limitation the federal Anti-kickback Statute (42 U.S.C. § 1320a-7b(b)) and the federal Civil Monetary Penalties Law (42 U.S.C. § 1320a-7a) and its prohibition against providing inducements to beneficiaries of the Medicare and Medicaid programs, along with any state law equivalents of the same. Micro-Franchisee shall comply with all of the aforementioned laws and regulations with respect to any business, financial or other remunerative arrangements it has with the Unit Franchisees, or any customers of the Micro-Franchise Business.

5.7.2 Stark Law and Related Laws. To the extent the federal Ethics in Patient Referrals Act (42 U.S.C. § 1395nn, 42 C.F.R. §§ 411.350 et seq.) or any state law equivalent or comparable version of the same (collectively, the "**Self-Referral Laws**") apply to any "direct" or "indirect" "financial relationship" between Micro-Franchisee or the Qualified Professional and the Unit Franchisees, or any "physician", Micro-Franchisee warrants and represents that such financial relationship meets a statutory or regulatory exception to, or is otherwise in compliance with, the

Self-Referral Laws. Terms used in this section that are not otherwise defined shall have the meanings ascribed to them in the Ethics in Patient Referrals Act and its implementing regulations.

5.7.3 Organization and Operation. Micro-Franchisee represents and warrants on its own behalf and on behalf of the Qualified Professional (as applicable) the following:

5.7.3.1 Licensure. The Qualified Professional is licensed, certified, registered and otherwise qualified under all applicable laws and regulations to practice in the discipline for which such Qualified Professional is licensed, without restriction or disciplinary proceeding, and fully qualified, by education, training and experience, to provide the services for which Micro-Franchisee employed, contracted with or otherwise engaged that Qualified Professional.

5.7.3.2 Corporate Form. Micro-Franchisee has reviewed applicable state law requirements that pertain to the categories of licensure maintained by the Qualified Professional and has determined that the Qualified Professional's licensure status permits Micro-Franchisee to provide services under arrangement with the Unit Franchisee as described in this Agreement. Micro-Franchisee has reviewed applicable state law requirements that pertain to Micro-Franchisee's ability to employ or contract with (or grant an ownership interest to) the Qualified Professional, including any state law requirements related to Micro-Franchisee's obligations to qualify as a professional firm, professional corporation or similar type of corporate entity organized and permitted, under applicable provisions of state law, to operate a health care clinic and provide the services and products to clients, and is in compliance with the same.

5.7.3.3 No Exclusion. Neither Micro-Franchisee nor the Qualified Professional are, have been, or will be excluded from participation in any "**Federal Health Care Program**" (as defined in 42 U.S.C. § 1320a-7b(f)), including but not limited to, Medicare or Medicaid. Micro-Franchisee agrees to review, on a monthly basis during the Term or at such other frequency as needed for Micro-Franchisee to meet its obligations under this Agreement, the status of the individuals/entities described in this section, to ensure that they have not been excluded by, or sanctioned under, the Department of Health and Human Services Office of the Inspector General as set forth on the List of Excluded Individuals and Entities or excluded or debarred by the General Services Administration System for Award Management (the "**Exclusion Lists**"). If any such individual or entity is identified on one of the Exclusion Lists, Micro-Franchisee shall notify SEF within no less than one (1) business day and shall immediately remove the individual or entity from any work directly or indirectly related to the System and Micro-Franchise Business.

5.7.3.4 Government Programs. Micro-Franchisee warrants and represents that neither Micro-Franchisee nor the Qualified Professional is enrolled in, functioning as a participating provider or supplier in or otherwise required or permitted to submit any claims for reimbursement to, any Federal Health Care Program, and that Micro-Franchisee will not enroll in or function as a participating provider or supplier in any Federal Health Care Program during the Term without prior written agreement from SEF as described below. Micro-Franchisee acknowledges and agrees that neither Micro-Franchisee nor the Micro-Franchise Business will be enrolled in or participate with any Federal Health Care Program, including but not limited to Medicare or Medicaid ("**Government Programs**") during the Term, without prior written agreement by SEF. In the event (a) SEF determines that Micro-Franchisee should become

enrolled in any Federal Health Care Program; or (b) agrees to a request by Micro-Franchisee to permit such enrollment, SEF will provide written notice to Micro-Franchisee of its agreement in that regard. Micro-Franchisee will thereafter use its best efforts to secure such enrollment in and participation with the Government Programs designated by SEF (“**Government Enrollment**”).

5.7.3.5 Commercial Payors. Micro-Franchisee warrants and represents that neither Micro-Franchisee nor the Qualified Professional are enrolled in, functioning as a participating provider or supplier in or otherwise required or permitted to submit any claims for reimbursement to, any commercial health insurance plan or program (“**Commercial Payors**”) and that Micro-Franchisee will not enroll in or function as a participating provider or supplier with any Commercial Payors during the Term without prior written agreement from SEF as described below. Micro-Franchisee acknowledges and agrees that neither Micro-Franchisee, nor the Qualified Professional will be enrolled in, submit claims for reimbursement to or otherwise participate with any Commercial Payors during the Term, without prior written agreement by SEF. SEF has the right to periodically designate or approve the Commercial Payors from which Micro-Franchisee may accept reimbursement. Further, Micro-Franchisee agrees to provide SEF with prior written notification of Micro-Franchisee’s desire to contract with any Commercial Payors. In the event (a) SEF determines that Micro-Franchisee or the Micro-Franchise Business should be enrolled, credentialed or participating with, or otherwise permitted to submit claims for reimbursement to, any Commercial Payors; or (b) agrees to a request by Micro-Franchisee to permit the same, SEF will provide written notice to Micro-Franchisee of its agreement in that regard. Micro-Franchisee will thereafter use its best efforts to secure such enrollment in and participation with the Commercial Payors designated by SEF (“**Commercial Payor Enrollment**”).

5.7.3.6 Enrollment and Reimbursement. To the extent Micro-Franchisee indicates to SEF that Micro-Franchisee desires to provide services to patients who have coverage under Government Programs or Commercial Payors and provides SEF with Micro-Franchisee’s, prior written request to do so, SEF will consider such request. To the extent SEF agrees to permit any Commercial Payor Enrollment or Government Enrollment, Micro-Franchisee is responsible for facilitating enrollment in, and ensuring that Micro-Franchisee and/or the Qualified Professional are credentialed with, any such plans to which they submit claims for services provided to plan beneficiaries or enrollees if such enrollment and/or credentialing is required by the Commercial Payors or Government Programs. Micro-Franchisee further acknowledges and agrees that SEF’s agreement to the request for Micro-Franchisee to enroll with, participate in or treat patients of Government Programs or Commercial Payors may require modification of the payment terms of this Agreement.

5.7.3.7 Billing of Customers. In the event SEF does not direct in writing or otherwise agree in writing to Government Enrollment or Commercial Payor Enrollment, Micro-Franchisee agrees as follows: Micro-Franchisee acknowledges that the Unit Franchisees is responsible for billing such individuals on behalf, and as a billing agent, of Micro-Franchisee using a billing platform approved by SEF. Micro-Franchisee is responsible for making all decisions concerning medical necessity, reimbursement, coding selection and billing amounts; provided, however, that the Unit Franchisees may make recommendations or provide guidance to Micro-Franchisee regarding the same. Micro-Franchisee has the right and responsibility to set fees, own revenues, establish billing protocols and invoice patients for all services provided by Micro-

Franchisee. Micro-Franchisee agrees that it will indemnify and hold SEF harmless (pursuant to Micro-Franchisee's commitments under Section 12.4) for any of Micro-Franchisee's acts or omissions in that regard.

5.7.3.8 Billing of Government Programs or Commercial Payors. In the event of Government Enrollment or Commercial Payor Enrollment, Micro-Franchisee agrees as follows: the Unit Franchisees is responsible for determining whether individuals who present themselves at the Micro-Franchise Business have coverage under Government Programs and/or Commercial Payors for services and for billing such individuals, Government Programs or Commercial Payors as appropriate for such services on behalf, and as a billing agent, of Micro-Franchisee. Micro-Franchisee (as the "provider" or "supplier", as such terms are defined under Government Programs), is responsible for making all decisions concerning medical necessity, reimbursement, coding selection, billing amounts, collection of copayment and/or financial responsibility amounts and compliance with Government Programs' or Commercial Payors' reimbursement requirements (including, but not limited to, compliance with Government Programs' and Commercial Payors' reimbursement requirements for non-enrolled and non-participating providers and suppliers); provided, however, that the Unit Franchisees may make recommendations or provide guidance to Micro-Franchisee regarding the same. Micro-Franchisee has the right and responsibility to set fees, own revenues, establish billing protocols and invoice patients, Government Programs and/or Commercial Payors for all services provided by the Micro-Franchisee. The Unit Franchisees, to the extent allowable by law, shall be solely responsible for handling all of the recurring administrative functions and assuming the financial risks associated with insurance filing, billing and the collection of fees related to the services on behalf of Micro-Franchisee. Micro-Franchisee agrees that it will indemnify and hold SEF harmless (pursuant to Micro-Franchisee's commitments under Section 12.4) for any of Micro-Franchisee's acts or omissions in that regard.

5.7.3.9 Business Associate Status. Micro-Franchisee acknowledges and agrees that its relationship with the Unit Franchisee as described in this Agreement gives rise to a relationship by which Unit Franchisee is a "Business Associate" of Micro-Franchisee that is a "Covered Entity" (as such terms are defined in 45 C.F.R. § 160.103). Micro-Franchisee will enter into a "business associate agreement" as part of the Administrative Services and Lease Agreement with the Unit Franchisee (substantially in the form of the Business Associate Agreement exhibit to the Administrative Services and Lease Agreement). Micro-Franchisee agrees to comply with the requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the privacy and security regulations issued by the Department of Health and Human Services at 45 C.F.R. Parts 160 and 164 (the "HIPAA Regulations"). Micro-Franchisee warrants and represents that it complies with the HIPAA Regulations that apply to Covered Entities, including all obligations that apply to "Electronic Protected Health Information" or "Protected Health Information" (referred to collectively as "ePHI"), including any ePHI that Micro-Franchisee has access to, or otherwise creates, receives, maintains or transmits. Without limiting the generality of the previous sentence, Micro-Franchisee acknowledges its responsibility in establishing all organizational designations that may be available as part of the Micro-Franchise Business, reviewing all patient notices (including any "Notices of Privacy Practices (as defined in 45 C.F.R. § 164.520) and obtaining all patient "Authorizations" required by the HIPAA Regulations and applicable state law and as directed by SEF from time-to-time under this Agreement or in the Manuals. Further, to the extent SEF requires, Micro-Franchisee agrees to assist the Unit

Franchisee in obtaining any “Authorization” (as defined in 45 C.F.R. § 164.508) from each patient or customer prior to Micro-Franchisee providing services to such patient/customer, to release ePHI to SEF for such purposes as described in this Agreement or the Manuals; such Authorizations shall be in a format acceptable to SEF and consistent with the requirements of the HIPAA Regulations and applicable state laws. SEF may access the ePHI produced by or otherwise located on the computer system at the Designated Location to the extent permitted by and consistent with the HIPAA Regulations, Authorizations and applicable state laws and consistent with the obligations of SEF as a “**Subcontractor Business Associate**” of the Unit Franchisee. SEF will further describe in the Manuals the ePHI to which SEF will have access and Micro-Franchisee’s obligations related to the Unit Franchisee obtaining Authorizations from patients related to that ePHI. SEF periodically will establish policies respecting the use of the ePHI. Micro-Franchisee is responsible for the ePHI that is stored on the computer system of Micro-Franchisee during the Term and Micro-Franchisee is solely responsible for maintaining ePHI for such periods of time as may be required under applicable provisions of federal or state law. SEF will enter into a Subcontractor Business Associate Agreement with the Unit Franchisee to reflect any Subcontractor Business Associate relationship between SEF and Unit Franchisee, as SEF determines in its sole discretion to exist. SEF shall have access to the ePHI in accordance with the Subcontractor Business Associate Agreement.

## 6. INTELLECTUAL PROPERTY

6.1 Ownership of the Intellectual Property. Micro-Franchisee acknowledges and agrees that SEF’s affiliate, Structural Elements, LLC (“**Licensor**”) is the owner of the Marks, Trade Secrets, Copyrighted Works and the Methods (together, the “**Intellectual Property**”) and that nothing herein contained will under any circumstances give Micro-Franchisee any right, title or interest in or to the Intellectual Property other than, except as otherwise described in this Agreement, the non-exclusive right to use the Intellectual Property in connection with the operation of the Micro-Franchise Business under the System and in strict accordance with the terms of this Agreement. Micro-Franchisee also acknowledges and agrees that the Intellectual Property, and all goodwill now or in the future pertaining to the same, belong to Licensor and SEF. Micro-Franchisee will not raise or cause to be raised any questions concerning, or objections to, the validity or ownership of the Intellectual Property on any grounds whatsoever. Micro-Franchisee will not seek to register, reregister or assert claim to or ownership of, or otherwise appropriate to itself, any of the Intellectual Property or any marks or names confusingly similar to the Marks, or the goodwill symbolized by the Intellectual Property, except insofar as such action inures to the benefit of and has the prior written approval of SEF.

6.2 Use of Marks. In order to protect the Marks, the System, and the goodwill associated therewith, Micro-Franchisee must:

6.2.1 Only use the Marks designated by SEF, and only in the manner authorized and permitted by SEF. Micro-Franchisee may not make any changes or substitutions whatsoever in or to the use of the Marks unless directed by SEF in writing. Micro-Franchisee’s right to use the Marks is limited to such uses as are authorized under this Agreement, and only for the offer and sale of the services and products. Any unauthorized use of the Marks constitutes an infringement of SEF’s rights and a breach of this Agreement.

6.2.2 Only use the Marks for the operation of the Micro-Franchise Business or in advertising or promoting the Micro-Franchise Business. Micro-Franchisee may not use any of the Marks in any part of any domain name or electronic address or to advertise or promote any services other than the System.

6.2.3 Not use the Marks or any derivation thereof, or any name that is confusingly similar to the Marks, as part of Micro-Franchisee's corporate or business entity name.

6.2.4 Display the symbol TM, SM or ®, or such other symbols or words as SEF may designate to protect the Marks, on all items and materials where the Marks appear. Micro-Franchisee may be required to use the Marks on all materials representing the Micro-Franchise Business, including, without limitation, signage, business cards, stationery, email correspondence, advertising, apparel, checks, proposals, contracts, signage, and marketing and promotional materials.

6.3 Copyrighted Works. “**Copyrighted Works**” means any copyrighted or copyrightable name, item, material, book, electronic book, software or other thing that SEF or its affiliates owns or may develop from time to time and that SEF authorizes Micro-Franchisee to use in connection with the Micro-Franchise Business, which may include the Manuals, forms, reports, certain advertising and promotional materials, books, electronic books, posters, signs, computer software and any translation or paraphrasing of any of these items. Micro-Franchisee may use the Copyrighted Works in connection with the Micro-Franchise Business only according to this Agreement, the Manuals, or as provided in writing from time to time by SEF. Micro-Franchisee must ensure that all Copyrighted Works bear the copyright and other notices SEF designates that specify SEF's ownership of the copyrights therein. If SEF authorizes Micro-Franchisee in writing to prepare any adaptation, translation or work derived from the Copyrighted Works, or if Micro-Franchisee prepares any Copyrighted Works, such as advertisements, posters, forms, reports, software, books, electronic books or marketing or promotional materials, Micro-Franchisee agrees that such adaptation, translation, derivative work or Copyrighted Work shall be SEF's sole and exclusive property and Micro-Franchisee hereby assigns all of its right, title and interest therein to SEF. Micro-Franchisee agrees to submit all such adaptations, translations, derivative works and Copyrighted Works to SEF for SEF's prior approval before any use by Micro-Franchisee; and Micro-Franchisee agrees that it shall not use any such item without SEF's prior written approval. Micro-Franchisee's unauthorized use of any of the Copyrighted Works is a material breach of this Agreement and infringes on the Copyrighted Works.

#### 6.4 Infringement.

6.4.1 Micro-Franchisee must promptly inform SEF in writing of any known or suspected infringement or imitations of the Intellectual Property, or any known or suspected act of unfair competition against SEF or Micro-Franchisee (each an “**IP Claim**”). Micro-Franchisee will not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such IP Claim without first obtaining SEF's written consent. SEF and/or its affiliate have the exclusive right to institute, negotiate, compromise, settle, dismiss, appeal or otherwise handle any such action; to take such steps as SEF or its affiliate may deem advisable to prevent any such action; and to join Micro-Franchisee and any other franchisees as parties to any such action in which Micro-Franchisee is or

would be a necessary or proper party, provided that nothing herein will be construed to obligate SEF to seek recovery of costs or damages of any kind in any such litigation, the assertion or waiver of such claims being within the sole discretion of SEF. SEF will pay the costs of any such action that SEF brings or defends against, and any recovery obtained from an IP Claim will be paid exclusively to SEF or its affiliate.

6.4.2 Micro-Franchisee must execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of SEF's counsel, be necessary or advisable to protect and maintain SEF's and its affiliate's interests in any such litigation or other proceeding or to otherwise protect and maintain SEF's and its affiliate's interest in connection with an IP Claim. Provided Micro-Franchisee complies with the provisions of this Section 6.4.2, SEF will reimburse Micro-Franchisee for all expenses reasonably incurred in any legal proceeding disputing Micro-Franchisee's authorized use of any Intellectual Property, including any judgment for damages or settlements paid, unless Micro-Franchisee's breach of this Agreement or failure to abide by a mandatory specification of the Manuals is a proximate cause of the infringement claim. However, such reimbursement will not include Micro-Franchisee's expenses for removing signage, discontinuing use of any Intellectual Property or adopting new Intellectual Property, and SEF will not reimburse Micro-Franchisee in any dispute where SEF challenges Micro-Franchisee's use of the Intellectual Property.

6.5 Substitute Marks and Copyrighted Works. If SEF decides to change, add or discontinue use of any Mark or Copyrighted Works, or to introduce additional or substitute Marks or Copyrighted Works, Micro-Franchisee, within a reasonable period of time after receipt of written notice thereof, must take such action, at its sole expense, as is necessary to comply with such change, alteration, discontinuation, addition or substitution. SEF will not have any liability for any loss of revenue or goodwill due to implementation of any new Marks or Copyrighted Works or discontinuation or modification of any Marks or Copyrighted Works.

6.6 Website. "Website" means SEF's website, [www.structuralelements.com](http://www.structuralelements.com) and all subpages thereto. SEF will maintain a page on the Website with the contact information for the Designated Location. SEF will make all reasonable efforts to ensure that the Website is operational and accessible at all times; however, Micro-Franchisee acknowledges that certain circumstances beyond SEF's control may affect the operation and accessibility of the Website, and SEF will under no circumstances be liable to Micro-Franchisee for any losses or damages incurred as the result of any defect in or inaccessibility of the Website. Micro-Franchisee acknowledges and agrees that SEF may include disclaimers on the Website describing, among other things, the following aspects of this arrangement: (1) that Micro-Franchisee pays SEF certain fees to use the System and the Marks under this Agreement; (2) that SEF provides contact information from individuals who contact SEF through the website only to parties that pay SEF fees under arrangements that are similar to this Agreement; (3) that SEF is not a licensed medical or health care provider and is not engaged in the practice of medicine or other health care services, but rather makes available the System to Qualified Professionals for their use in implementing the Methods as those Qualified Professionals deem appropriate within their scope of professional practice; and (4) that SEF does not opine, review or make referrals or recommendations regarding the risks or benefits of any particular treatments or courses of conduct, but rather may pass along the contact information of individuals who contact SEF through the website to Micro-Franchisee and other franchisees that are parties to franchise agreements with SEF.

## 7. ADVERTISING, MARKETING & PROMOTION

7.1 Brand Building Fund. SEF shall have the right to establish, at any time, the Brand Building Fund (the “**Brand Building Fund**”), as described in this Section 7. If SEF decides to establish the Brand Building Fund, SEF shall provide Micro-Franchisee notice of its intent to establish the Brand Building Fund at least thirty (30) days prior to commencing collection of the Brand Building Contribution. If established, the Brand Building Fund shall be maintained and administered by SEF or its designee, as follows:

7.1.1 SEF or its designee shall have the right to direct all advertising programs, as well as all aspects thereof, including without limitation, the concepts, materials, and media used in such programs and the placement and allocation thereof. Micro-Franchisee agrees and acknowledges that the Brand Building Fund is intended to maximize general public recognition, acceptance, perception of, and use of the System; and that SEF and its designee are not obligated, in administering the Brand Building Fund, to make expenditures for Micro-Franchisee which are equivalent or proportionate to Micro-Franchisee’s contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Building Fund. Micro-Franchisee shall contribute to the Brand Building Fund in the manner specified in Section 2.4 above. All sums paid by Micro-Franchisee to the Brand Building Fund shall be maintained in an account separate from SEF’s other monies. SEF shall have the right to charge the Brand Building Fund for such reasonable administrative costs and overhead as SEF may incur in activities reasonably related to the direction and implementation of the Brand Building Fund and advertising programs for franchisees and the System, including, without limitation, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs and accounting services reasonably related to the operation and functions of the Brand Building Fund. The Brand Building Fund and its earnings shall not otherwise inure to the benefit of SEF. SEF or its designee shall maintain separate bookkeeping accounts for the Brand Building Fund.

7.1.2 The Brand Building Fund is not intended to be, and will not be used for, ordinary operating expenses intend to be, nor is it a trust, and SEF does not assume any fiduciary obligation to Micro-Franchisee for maintaining, directing or administering the Brand Building Fund or for any other reason. A statement of the operations of the Brand Building Fund as shown on the books of SEF shall be prepared annually by SEF and shall be made available to Micro-Franchisee on an annual basis.

7.1.3 The Brand Building Fund, all contributions thereto, and any earnings thereon, may be used exclusively by SEF (except as otherwise provided in this Section 7) to meet any and all costs of maintaining, administering, directing, conducting, creating and/or otherwise preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which SEF believes will enhance the image of the System, including, without limitation, the costs of preparing and/or conducting: media advertising campaigns; social media campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; brand research and development; developing and hosting marketing, brand development and enhancement, and customer and client engagement seminars for franchisees; purchasing promotional items; developing new or modified trade dress and marks; point-of-purchase (POP) materials; design and photographs; conducting and administering visual merchandising, and other merchandising

programs; purchasing media space or time (including all associated fees and expenses); administering regional and multi-regional marketing and advertising programs; market research and client satisfaction surveys; developing and implementing client loyalty and gift card programs; client retention programs; the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or non-profit events; developing, implementing and maintaining an electronic commerce website and/or related strategies; maintaining and developing one or more websites devoted to the System, the Marks and/or the “Structural Elements” brand; providing promotional and other marketing materials and services to franchisees; and the salaries of SEF’s employees to the extent such employees provide services in conjunction with System marketing activities. The Brand Building Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by SEF, which products, services, or improvements SEF shall have the right to determine will promote general public awareness and favorable support for the System. SEF shall allocate Brand Building Fund contributions to various uses as it sees fit and does not guarantee, and is not required to provide, equal advertising benefits to all SEF Businesses.

7.1.4 SEF maintains the right to terminate the Brand Building Fund. The Brand Building Fund shall not be terminated, however, until all monies in the Brand Building Fund have been expended for advertising and/or promotional purposes.

7.2 Regional Marketing Cooperative Establishment; Participation. SEF may, at its option, require Micro-Franchisee to participate in a regional marketing cooperative (a “**Regional Marketing Cooperative**”). If such Regional Marketing Cooperative is established, each Micro-Franchisee shall pay into the Regional Marketing Cooperative, on a monthly basis, an amount determined by SEF (the “**Cooperative Contribution**”); provided that the Cooperative Contribution (in addition to the Brand Building Contribution) shall equal no more than two percent (2%) of Gross Receipts for the preceding calendar month.

7.3 Local Advertising, Marketing and Promotion. All local advertising, marketing and promotion by Micro-Franchisee shall be in such media, and of such type and format as SEF may approve; shall be conducted in a dignified manner; shall conform to such standards and requirements as SEF may specify; and shall comply with all applicable laws. Micro-Franchisee shall not use any advertising, marketing or promotional plans or materials unless and until Micro-Franchisee has received written approval from SEF. Micro-Franchisee shall comply with all of SEF’s written instructions, policies, procedures, and restrictions regarding advertising and marketing the Micro-Franchise Business.

7.4 Minimum Local Advertising, Marketing and Promotion Expenditure. SEF reserves the right to require Micro-Franchisee to expend monthly an amount SEF prescribes toward local advertising, marketing and promotion (“**Minimum Local Marketing Expenditure**”). If Micro-Franchisee fails to spend the Minimum Local Marketing Expenditure, SEF may require Micro-Franchisee to contribute any unspent amount to the Brand Building Fund. SEF may provide Micro-Franchisee a written notice of any shortfall or under expenditure of the Minimum Local Marketing Expenditure at any time following the end of a calendar year, and Micro-Franchisee shall pay such amount to SEF within thirty (30) days of such notice, or SEF may

withdraw such amount from Micro-Franchisee's bank account in accordance with the EFT procedures described in Section 2.5 hereof. SEF reserves the right to require Micro-Franchisee to reallocate the amounts of its contributions towards the Minimum Local Marketing Expenditure, the Brand Building Fund and/or the Regional Marketing Cooperative in the manner SEF designates or prescribes.

## 8. DEFAULT AND TERMINATION

8.1 Defaults With Opportunity to Cure. SEF may terminate this Agreement if Micro-Franchisee fails to cure any of the followings defaults to SEF's satisfaction within the time period provided following notice of such default from SEF:

- i. Fifteen (15) days to cure in the event that Micro-Franchisee: (1) fails to begin operation of the Micro-Franchise Business within ninety (90) days after the Effective Date or (2) allows any required insurance policies to lapse;
- ii. Five (5) days to cure if Micro-Franchisee fails or refuses to make any payments due to SEF; or
- iii. Except as otherwise provided in this Section 8.1 and 8.2 below, thirty (30) days to cure if Micro-Franchisee fails to comply with any other obligations under this Agreement, breaches any representation or warranty including the Health Care Representations and Warranties, or otherwise fails to comply with obligations of any other agreement between Micro-Franchisee and SEF. Upon the occurrence of any such default, SEF may terminate this Agreement by giving written notice of termination stating the nature of such default to Micro-Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Micro-Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to SEF's satisfaction, and by promptly providing proof thereof to SEF within the thirty (30) day period (or such longer period as applicable law may require). If any such default is not cured within the specified time (or such longer period as applicable law may require), this Agreement and all rights granted hereunder will terminate without further notice to Micro-Franchisee, effective immediately upon the expiration of the thirty (30) day period (or such longer period as applicable law may require). If the breach is of a nature which cannot reasonably be cured within thirty (30) days and Micro-Franchisee is making a good faith effort to cure, SEF, at its option, may provide Micro-Franchisee with additional time to complete the cure.

8.2 Defaults With No Opportunity to Cure. SEF may terminate this Agreement immediately upon providing notice of default to Micro-Franchisee for any of the following defaults:

- i. Micro-Franchisee has made a material misrepresentation in connection with the acquisition of the Micro-Franchise Business, or has induced SEF to enter into this Agreement through fraud or misrepresentations;
- ii. Micro-Franchisee becomes insolvent, is adjudicated bankrupt, or files or has filed against it a petition in bankruptcy, reorganization or similar proceeding;
- iii. Micro-Franchisee or the Qualified Professional is convicted of or pleads no contest to any felony or any other type of crime or offense that is likely to adversely affect the reputation of the SEF, the System or the goodwill associated with the Marks;
- iv. Micro-Franchisee or the Qualified Professional is found to have violated professional licensing regulations by a competent government or other regulatory authority in a legal proceeding or in an administrative action, or Micro-Franchisee fails to cure a health or safety hazard, or licensing violation, within seventy-two (72) hours of notice from the appropriate authority;
- v. Micro-Franchisee or the Qualified Professional commits any act which can be reasonably expected to materially impair or detrimentally impact the goodwill associated with the Marks;
- vi. Micro-Franchisee knowingly maintains false books or records, Micro-Franchisee submits one or more materially false reports to SEF, or Micro-Franchisee denies SEF's designees access to Micro-Franchisee's books and records during an audit or inspection;
- vii. Micro-Franchisee attempts to make any unauthorized transfer of this Agreement, an interest in Micro-Franchisee, or an interest in the Micro-Franchise Business;
- viii. Micro-Franchisee ceases to operate the Micro-Franchise Business for more than ten (10) consecutive calendar days without SEF's prior written consent, unless operations are suspended for a period of no more than one hundred eighty (180) days and the suspension is caused by fire, natural disaster, or other force majeure; provided that, the occurrence of any force majeure event shall not relieve Micro-Franchisee of its obligation to make payments due to SEF;
- ix. Micro-Franchisee substantially misuses the Intellectual Property or the System, or Micro-Franchisee uses in connection with the operation of the Micro-Franchise Business any names, marks, systems, logotypes or symbols that SEF has not authorized in writing;

- x. Any other franchise agreement between SEF and Micro-Franchisee or its affiliates or the Administrative Services and Lease Agreement is terminated due to default;
- xi. Micro-Franchisee fails to pay taxes owed or comply with other governmental requirements applicable to the Micro-Franchise Business within thirty (30) days of receiving notice from SEF or a governmental agency of such violation;
- xii. Micro-Franchisee receives three (3) or more notices of default under this Agreement during a twelve (12) month period;
- xiii. Micro-Franchisee fails to have sufficient funds available to cover an EFT on three (3) or more occasions within any twelve (12) month period; or
- xiv. Micro-Franchisee has unexcused absences from two consecutive training programs required by SEF.

8.3 Fundamental Regulatory Change. If there is a conflict between SEF's standards and specifications and applicable federal or state health care law or regulation (a "**Fundamental Regulatory Change**"), Micro-Franchisee will: (i) comply with the requirements of applicable law, (ii) immediately provide SEF with written notice of said conflict, and (iii) promptly and fully cooperate with SEF and SEF's counsel in determining the most effective way, if possible, to comply with the standard and specification, or revise the terms of this Agreement or the requirements outlined in the Manual to ensure compliance with applicable law. If Micro-Franchisee disagrees with SEF's determination that a Fundamental Regulatory Change has occurred, the issue of whether a Fundamental Regulatory Change exists shall be determined by (a) SEF's counsel with the concurrence of Micro-Franchisee's counsel, (b) Micro-Franchisee's counsel with the concurrence of SEF's counsel, or (c) if SEF and Micro-Franchisee counsel cannot concur, by a nationally recognized law firm with expertise in health care law that SEF and Micro-Franchisee jointly select. If SEF and Micro-Franchisee cannot mutually agree to amend this Agreement in writing or taking other appropriate steps to address the Fundamental Regulatory Change within ninety (90) days after such notice of the existence of a Fundamental Regulatory Change is given, then either party may elect to terminate this Agreement immediately upon written notice to the other party without further liability (except for any post-termination obligations under this Agreement), provided however, that if the implementation of any such Fundamental Regulatory Change is stayed on account of any administrative appeal or any suit filed in a court of competent jurisdiction, the right to amend or terminate as set forth above will also be stayed during the period of such stay. In addition, SEF may unilaterally alter the terms of this Agreement in response to such Fundamental Regulatory Change as SEF determines in its sole discretion to exist for up to ninety (90) days during the time in which SEF is negotiating with Micro-Franchisee about the matter.

8.4 Post-Termination Rights. Upon expiration or termination of this Agreement, Micro-Franchisee's right to operate the Micro-Franchise Business in the Designated Location shall terminate immediately and, at SEF's option and without compensation to Micro-

Franchisee, all rights granted to Micro-Franchisee under this Agreement and the Administrative Services and Lease Agreements in effect will terminate. Thereafter, SEF shall be entitled to establish, and to license others to establish, Micro-Franchise Businesses in the Designated Location.

8.5 Early Termination Fee. In the event this Agreement is terminated prior to the end of its term due to Micro-Franchisee's default under this Agreement or if Micro-Franchisee provides SEF with 45 days' notice of its intent to terminate this Agreement, in addition to the amounts owed through the date of termination, Micro-Franchisee must promptly pay to SEF a lump sum payment (as damages and not as a penalty) for breaching this Agreement or terminating this Agreement early, and for SEF's lost future revenue as a result of such breach in an amount equal to the total of six (6) months of Minimum Service Fees (which equal one thousand two hundred dollars (\$1,200)) plus six (6) months of fixed fees owed under the Administrative Services and Lease Agreement. Micro-Franchisee acknowledges that a precise calculation of the full extent of the damages SEF will incur in the event of termination of this Agreement as a result of Micro Franchisee's default or early termination is difficult to determine and that this lump sum payment is reasonable in light of the damages SEF will incur for the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages for SEF's lost future revenue that SEF may incur as a result of Micro Franchisee's default, but it shall be in addition to all amounts owed through the date of termination and other costs and expenses to which SEF is entitled under the terms of this Agreement. Micro-Franchisee's payment of this lump sum shall not affect SEF's right to recover damages other than lost future revenue and to obtain appropriate injunctive relief and other remedies to the terms of this Agreement.

8.6 No Exclusive Remedy. No right or remedy herein conferred upon or reserved to SEF is exclusive of any other right or remedy provided or permitted by law or equity.

## 9. TRANSFERS AND COVENANTS NOT TO COMPETE

9.1 SEF Transfers. SEF shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations under this Agreement, or any interests in the assets of SEF, or any ownership or equity interests in SEF, to any person or legal entity without Micro-Franchisee's consent, and any assignee of SEF shall become solely responsible for all obligations of SEF under this Agreement from the date of assignment.

9.2 Micro-Franchisee Transfers. Micro-Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Micro-Franchisee, and that SEF has granted the rights described in this Agreement in reliance on Micro-Franchisee's experience, business skill, financial capacity, and personal character. Accordingly Micro-Franchisee shall not, without the prior written consent of SEF, transfer, pledge, or otherwise encumber: (a) the rights and obligations of the Micro-Franchisee under this Agreement; (b) any material asset of Micro-Franchisee; or (c) any ownership interests in Micro-Franchisee.

9.3 Conditions for Approval. For the avoidance of doubt, any transfer as described in Sections 9.2 and 9.3 of this Agreement to a business entity must be a transfer to a business entity of which a Qualified Professional owns one hundred percent (100%) of the outstanding equity interests, and any transfer to an individual must be a transfer to a Qualified

Professional. SEF shall not unreasonably withhold any consent required by this Section 9.3; provided, if Micro-Franchisee proposes to transfer its obligations hereunder or any interest in any material asset, or if Micro-Franchisee proposes to transfer any interest in Micro-Franchisee, SEF shall have the right to require, among other things, any or all of the following as conditions of its approval:

9.3.1 The transferor shall have executed a general release (which shall include a release from the transferor), in a form satisfactory to SEF, of any and all claims against SEF and its affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including claims arising under this Agreement, any other agreement between Micro-Franchisee and SEF or its affiliates, and federal, state, and local laws and rules.

9.3.2 If a proposed transfer would result in a change in control of the Micro-Franchisee, at SEF's option, the transferee shall execute, for a term ending on the expiration date of this Agreement the form of Micro-Franchise Agreement then being offered to new Micro-Franchisees, and such other ancillary agreements required by SEF for the business contemplated hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement.

9.3.3 The transferor shall remain liable for all of the obligations to SEF in connection with this Agreement that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by SEF to evidence such liability.

9.3.4 The transferee shall have the same training obligations as set forth for Micro-Franchisee in Section 5.2.

9.3.5 Micro-Franchisee shall pay a non-refundable transfer fee in an amount equal to the higher of (i) twenty-five percent (25%) of the then-current Micro-Franchise Fee charged by SEF or (ii) Six Hundred Twenty-Five Dollars (\$625). In addition, in the event a proposed transfer is not consummated or closed, for any reason except for disapproval by SEF, Micro-Franchisee or the proposed transferee shall reimburse SEF for all of its costs and expenses incurred in connection with its evaluation of the proposed transfer, including attorneys' and accountants' fees, background checks, site evaluation, and training, if applicable.

9.3.6 The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Sections 9.8 and Section 9.9 of this Agreement.

9.3.7 SEF may expand upon, and provide more details related to, the conditions for transfer and SEF's consent as described in this Section 9.3, and may do so in the Manuals or otherwise in writing. SEF may, but is not obligated to, provide the additional details regarding the transfer conditions and SEF's consent to Micro-Franchisee.

9.3.8 The transferee must satisfy all of the Health Care Representations and Warranties.

9.4 Transfer Upon Death. Upon the death of the Qualified Professional, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party approved by SEF within six (6) months after the death. If the distributee is not approved by SEF, then the distributee shall transfer the deceased's interest to a third party approved by SEF within six (6) months after the deceased's death.

9.5 Transfer Upon Permanent Disability. Upon the permanent disability of the Qualified Professional, SEF may, at its option, require such interest to be transferred to a third party in accordance with the conditions described in this Section 9.5 within six (6) months after notice to Micro-Franchisee or Micro-Franchisee's Representative. "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and from which condition recovery within six (6) months from the date of determination of disability is unlikely. Permanent Disability shall be determined by a licensed practicing physician selected by SEF upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 9.5 as of the date of refusal. SEF shall pay the cost of the required examination.

9.6 Notification Upon Death or Permanent Disability. Upon the death or Permanent Disability of the Qualified Professional, his or her representative shall promptly notify SEF of such death or claim of Permanent Disability. Any transfer upon death or Permanent Disability shall be subject to the same terms and conditions as any *inter vivos* transfer.

9.7 No Waiver of Claims. SEF's consent to a transfer which is the subject of Section 9 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of SEF's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

9.8 In-Term Covenants. Micro-Franchisee specifically acknowledges that, pursuant to this Agreement, Micro-Franchisee will receive valuable specialized training and Confidential Information, including information regarding the operational, sales, promotional, and marketing methods and techniques of SEF and the System. Micro-Franchisee covenants that during the Term, except as otherwise approved in writing by SEF, Micro-Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership corporation or entity:

9.8.1 Divert or attempt to divert any business or customer of any Clinic using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the System.

9.8.2 Except as otherwise approved in writing by SEF, own, maintain, operate, engage in, or have any interest in any "**Competitive Business,**" which shall mean any business or enterprise offering physical therapy, chiropractic, massage therapy, or acupuncture/dry needling services.

9.9 Post-Term Covenants. Micro-Franchisee covenants that, except as otherwise approved in writing by SEF, Micro-Franchisee shall not, for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Sections 9.2 and 9.3 above; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this section; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, or corporation, or entity), own, maintain, operate, engage in, or have any interest in any Competitive Business which is, or is intended to be, located within a ten (10) mile radius of the Designated Location at the time that the obligations under this Section 9.9 commence.

9.10 Individual Covenants. If Micro-Franchisee is a business entity, Micro-Franchisee shall require and obtain execution of covenants similar to those set forth in this Section 9 (as modified to apply to an individual) from the Qualified Professional. The covenants required by this Section 9.10 shall be in the form provided in Exhibit C to this Agreement. Failure by Micro-Franchisee to obtain execution of a covenant required by this Section 9.10 shall constitute a default under Section 8.3 hereof.

9.11 Severability. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which SEF is a party, Micro-Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 9.

9.12 Scope of Covenants. Micro-Franchisee understands and acknowledges that SEF shall have the right, at its option, to reduce the scope of any covenant set forth in Sections 9.9 and 9.10 in this Agreement, or any portion thereof, without Micro-Franchisee's consent, effective immediately upon receipt by Micro-Franchisee of written notice thereof; and Micro-Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 14 hereof.

9.13 Enforcement of Claims. Micro-Franchisee expressly agrees that the existence of any claims it may have against SEF, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by SEF of the covenants in this Section 9. Micro-Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses) incurred by SEF in connection with the enforcement of this Section 9.

9.14 Irreparable Injury. Micro-Franchisee acknowledges that Micro-Franchisee's violation of the terms of this Section 9 would result in irreparable injury to SEF for which no adequate remedy at law may be available, and Micro-Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Micro-Franchisee in violation of the terms of this Section 9.

10. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, a recognized overnight delivery service, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses (which shall not include only a P.O. Box) shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

11. PERMITS AND COMPLIANCE WITH LAWS

11.1 Compliance with Laws. Micro-Franchisee shall comply with all federal, state, and local laws, rules, and regulations, including employment, labor, and wage and hour laws, tax laws, and local operating regulations and such Health Care Representations and Warranties described in Section 5.7 of this Agreement. If any state licensing board with jurisdiction over Micro-Franchisee or the Qualified Professional, or other federal or state board, agency or regulatory body with authority over the practice of health care or healing arts services available at Clinics under this Agreement, determines that any part of this Agreement may violate state or federal law(s), the matter will be treated as a “Fundamental Regulatory Change” under Section 8.3. Micro-Franchisee and the Qualified Professional (as applicable) agree to waive and release SEF from any and all claims, demands, charges and causes of action, arising out of any section or sections of this Agreement which may now be or may in the future become in violation of federal or state law(s) or regulations. Micro-Franchisee shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

11.2 Notification of Claims. Micro-Franchisee shall notify SEF in writing within three (3) days of receipt of notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or occurrence of any accident or injury which may adversely affect the operation of the business contemplated hereunder or the financial condition of Micro-Franchisee or give rise to liability or a claim against Micro-Franchisee or SEF.

12. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

12.1 Independent Contractors. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Micro-Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. Micro-Franchisee acknowledges and agrees that it is solely responsible for all personnel decisions (as applicable), including hiring, firing, disciplining, compensation, benefits, and scheduling, and that such decisions shall be made by Micro-Franchisee, without any influence or advice from SEF, and such decisions and actions shall not be, nor deemed to be, a decision or action of SEF.

12.2 Identification as Independent Contractor. At all times during the Term, Micro-Franchisee shall hold itself out to the public as an independent contractor operating pursuant to this Agreement. Micro-Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in the Designated Location, the content of which SEF reserves the right to specify.

12.3 No Agency. It is understood and agreed that nothing in this Agreement authorizes Micro-Franchisee to make any contract, agreement, warranty, or representation on SEF's behalf, or to incur any debt or other obligation in SEF's name; and that SEF shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall SEF be liable by reason of any act or omission of Micro-Franchisee in Micro-Franchisee's operations hereunder, or for any claim or judgment arising therefrom against Micro-Franchisee or SEF.

12.4 Indemnification. Micro-Franchisee shall, to the fullest extent permissible under applicable law, indemnify and hold SEF, SEF's owners and affiliates, and their respective officers, directors, employees, and agents, harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with this Agreement, Micro-Franchisee's operation of the business conducted under this Agreement, Micro-Franchisee's actions and inaction, or Micro-Franchisee's breach of this Agreement (including the Health Care Representations and Warranties described in Section 5.7 of this Agreement), including those alleged to be caused by SEF's negligence, as well as the costs, including attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), of defending against them, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by SEF's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. In the event SEF incurs any costs or expenses, including legal fees (including attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), travel expenses, and other charges, in connection with any proceeding involving Micro-Franchisee in which SEF is not a party, Micro-Franchisee shall reimburse SEF for all such costs and expenses promptly upon presentation of invoices. Micro-Franchisee acknowledges and agrees that Micro-Franchisee's indemnification and hold harmless obligations under this Section 12.4 shall survive the termination or expiration of this Agreement.

### 13. APPROVALS AND WAIVERS

13.1 Approvals. Whenever this Agreement requires SEF's prior approval or consent, Micro-Franchisee shall make a timely written request to SEF therefor, and such approval or consent must be obtained in writing.

13.2 No Warranties. Micro-Franchisee acknowledges and agrees that SEF makes no warranties or guarantees upon which Micro-Franchisee may rely, and assumes no liability or obligation to Micro-Franchisee, by providing any waiver, approval, consent, or suggestion to Micro-Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

13.3 Waivers. No delay, waiver, omission, or forbearance on the part of SEF to exercise any right, option, duty, or power arising out of any breach or default by Micro-Franchisee

under any of the terms, provisions, covenants, or conditions of this Agreement, shall constitute a waiver by SEF to enforce any such right, option, duty, or power as against Micro-Franchisee, or as to subsequent breach or default by Micro-Franchisee. Subsequent acceptance by SEF of any payments due to it hereunder shall not be deemed to be a waiver by SEF of any preceding breach by Micro-Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

14. ENTIRE AGREEMENT AND AMENDMENT

This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between SEF and Micro-Franchisee concerning the subject matter hereof, and supersede any and all prior or contemporaneous negotiations, discussions, understandings and agreements, no other representations having induced Micro-Franchisee to execute this Agreement. There are no other oral or written understandings or agreements between SEF and Micro-Franchisee, or oral representations by SEF, or written representations by SEF (other than those set forth in SEF's Franchise Disclosure Document that SEF provided to Micro-Franchisee), relating to the subject matter of this Agreement, the development rights, or the Franchised Businesses (and any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). However, and notwithstanding the foregoing, nothing in this Micro-Franchise Agreement is intended to disclaim any representations made by SEF in the Franchise Disclosure Document that SEF furnished to Micro-Franchisee. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

15. SEVERABILITY AND CONSTRUCTION

15.1 Severability. If any of the provisions of this Agreement may be construed in more than one way, one of which would render the provision illegal or otherwise voidable or unenforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to its fair meaning and not strictly against any party. In the event any court or other government authority shall determine any provision in this Agreement is not enforceable as written, the parties agree that the provision shall be amended so that it is enforceable to the fullest extent permissible under the laws and public policies of the jurisdiction in which enforcement is sought and affords the parties the same basic rights and obligations and has the same economic effect. If any provision in this Agreement is held invalid or otherwise unenforceable by any court or other government authority or in any other proceeding, such findings shall not invalidate the remainder of the agreement unless in the reasonable opinion of SEF the effect of such determination has the effect of frustrating the purpose of this Agreement, whereupon SEF shall have the right by notice in writing to the other party to immediately terminate this Agreement.

15.2 No Other Rights. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Micro-Franchisee, SEF, SEF's officers, directors, and employees, and such of Micro-Franchisee's and SEF's respective successors and assigns as may be contemplated (and, as to Micro-Franchisee, permitted) by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

15.3            Enforceability of Contract. Micro-Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unenforceable in a final decision to which SEF is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

15.4            Construction; Captions; Definitions. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. The words “include” and “including” shall be construed to include the words “without limitation.” The word “person” shall mean any individual or business entity. The word “business entity” shall mean any limited liability company or partnership, and any association, corporation or other entity, which is not an individual.

15.5            Survival of Provisions. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

## 16.            APPLICABLE LAW

16.1            Governing Law. This Agreement takes effect upon its acceptance and execution by SEF, and shall be interpreted and construed exclusively under the laws of the state of Maryland, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Maryland choice-of-law rules); provided, however, that if the covenants in Section 9 of this Agreement would not be enforceable under the laws of Maryland, and the Designated Location is located outside of Maryland, then such covenants shall be interpreted and construed under the laws of the state in which the Designated Location is located. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise, business opportunity, antitrust, consumer protection, or similar law, rule, or regulation of Maryland to which this Agreement would not otherwise be subject.

16.2            Arbitration. All disputes or claims relating to this Agreement or any other agreement entered into between SEF or its affiliates and Micro-Franchisee, the rights and obligations of SEF or its affiliates and Micro-Franchisee, or any other claims or causes of action relating to the making, interpretation, or performance of the parties under this Agreement or any other agreement, shall be resolved by binding arbitration at a location within twenty (20) miles of the city where SEF’s headquarters are located as of the date the arbitration demand is filed before the AAA in accordance with the Federal Arbitration Act, the Commercial Arbitration Rules of the AAA, as amended, and for any appeal, the AAA Appellate Arbitration Rules or such successor rules then in effect, except that there shall be no consolidated, common, or class action arbitration and Micro-Franchisee and its affiliates waive any and all rights to proceed on a consolidated, common, or class action basis, or to seek joinder of any of Micro-Franchisee’s claims with those of any other party. The following shall supplement the rules of the AAA and, in the event of a conflict, shall govern any arbitration: If the claim is for less than \$30,000, then the matter shall be heard before a single arbitrator selected from the AAA list of arbitrators. If the claim, or a counterclaim, is for \$30,000 or more, the matter shall be heard before a panel of three (3) arbitrators

and each party shall appoint its own arbitrator, and the appointed arbitrators shall appoint a third arbitrator who shall be the chair of the arbitration panel and must be a retired federal court or state court judge. The parties agree to be bound by the award, and each party must bear its own costs of arbitration including the fee for its respective arbitrator; provided, however, that the single or third arbitrator's fee shall be shared equally by the parties. The arbitration proceedings and arbitration award shall be maintained by the parties as strictly confidential, except as is otherwise required by law or court order or as is necessary to confirm, vacate or enforce the award and for disclosure in confidence to the parties' respective attorneys and tax advisors. The arbitrators shall have no authority to determine class action claims and shall have no authority to amend or modify the terms of this Agreement. No issue of fact or law determined in the arbitration shall be given preclusive or collateral estoppel effect in any other arbitration, except to the extent such issue arises in another proceeding between the parties. Judgment upon the award of the arbitrator shall be submitted for confirmation to the federal district court or circuit court where SEF's headquarters are then-located and, if confirmed, may be subsequently entered in any court having competent jurisdiction. The parties shall not be required to arbitrate a dispute or claim as set forth in this Section 16.2 if such dispute or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Marks or in the System or (ii) any of the confidentiality requirements or any restrictive covenants contained in this Agreement. This agreement to arbitrate shall survive any termination or expiration of this Agreement. The parties hereto recognize, and any arbitrator is affirmatively advised, that certain provisions of this Agreement describe SEF's right to take (or refrain from taking) certain actions in the exercise of SEF's business judgment based on its assessment of the overall best interests of the System. Where such discretion has been exercised, and is supported by SEF's business judgment, no arbitrator may substitute his or her judgment for the judgment so exercised by SEF.

16.3 Venue. Except for claims subject to arbitration as described in Section 16.2 above, the parties expressly agree to the jurisdiction and venue of any state court of competent jurisdiction in Washington County, Maryland and the jurisdiction and venue of the United States District Court for the District of Maryland. Micro-Franchisee acknowledges that this Agreement has been entered into in the state of Maryland, and that Micro-Franchisee is to receive valuable and continuing services emanating from SEF's headquarters in Hagerstown, Maryland. In recognition of such services and their origin, Micro-Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Maryland set forth above. The parties agree that this Section 16.3 shall not be construed as preventing either party from removing an action from state to federal court. **Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and Micro-Franchisee waives any and all rights to proceed on a consolidated, common, or class basis. Micro-Franchisee acknowledges and agrees this section shall survive the termination or expiration of this Agreement.**

16.4 No Exclusive Remedies. No right or remedy conferred upon or reserved to SEF or Micro-Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

16.5 Injunctive Relief. Nothing herein contained shall bar SEF's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

16.6 Waiver of Jury Trial. **SEF AND MICRO-FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

16.7 Limitations on Actions. **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 16.7, ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF MICRO-FRANCHISEE AND SEF, OR MICRO-FRANCHISEE'S OPERATION OF THE BUSINESS CONTEMPLATED HEREUNDER, ANY PROCEEDING, OR ANY CLAIM IN ANY PROCEEDING (INCLUDING ANY DEFENSES OR ANY CLAIMS OF SET-OFF OR RECOUPMENT) MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCABLY BARRED. CLAIMS OF SEF ATTRIBUTABLE TO UNDERREPORTING OF SALES, AND CLAIMS OF THE PARTIES FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS.**

16.8 Waiver of Damages. **SEF AND MICRO-FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY LOST FUTURE PROFITS OR PUNITIVE, EXEMPLARY, CONSEQUENTIAL, OR MULTIPLE DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT, AND ANY CLAIM TO LIQUIDATED DAMAGES.**

16.9 Costs and Attorneys' Fees. If either SEF or Micro-Franchisee seeks to enforce this Agreement in an any judicial or other proceeding, the prevailing party shall be entitled to recover its reasonable costs and expenses (including attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel or living expenses) incurred in connection with such judicial or other proceeding.

17. ACKNOWLEDGMENTS

17.1 Acknowledgements. Micro-Franchisee acknowledges that it has conducted an independent investigation of the business contemplated hereunder, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Micro-Franchisee and if a business entity, the Qualified Professional, as independent business persons. SEF expressly disclaims the making of, and Micro-Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. Micro-Franchisee acknowledges that, similar to any other business, evolving technologies and consumer preference, and changes to the laws governing the operation of the Micro-Franchise Business may require that SEF modify or change the System. Micro-Franchisee agrees to comply with all such modifications or changes to the System upon notice from SEF.

17.2 Receipt of Documents. Micro-Franchisee acknowledges that it received a complete copy of this Agreement and the exhibits hereto, with all of the blank lines herein filled in, prior to the date on which this Agreement was executed, and with sufficient time within which to review this Agreement with advisors of its choosing. Micro-Franchisee further acknowledges that it received the franchise disclosure document required by the Federal Trade Commission's Franchise Rule, 16 C.F.R. Part 436, at least fourteen (14) days prior to the date on which this Agreement was executed.

17.3 Representations and Warranties. Micro-Franchisee and the Qualified Professional represent and warrant to SEF that: (a) neither Micro-Franchisee nor the Qualified Professional have made any untrue statement of any material fact nor omitted to state any material fact in its and their franchise application and other documents and information submitted to SEF, or in obtaining the rights granted herein and (b) neither Micro-Franchisee nor the Qualified Professional have been designated as suspected terrorists under U.S. Executive Order 13244. Micro-Franchisee recognizes that SEF approved Micro-Franchisee in reliance on all of the statements Micro-Franchisee and, as applicable the Qualified Professional, have made in connection therewith, and that Micro-Franchisee has a continuing obligation to advise SEF of any material changes in these statements and representations made to SEF in this Agreement or in the application materials.

17.4 No Other Obligations. Each party represents and warrants to the others that his/her/its execution of this Agreement and all exhibits and addenda hereto do not violate or breach any other agreement, contract or covenant to which such party is bound, and further represents and warrants to the other parties that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

17.5 Other Acknowledgments. Micro-Franchisee acknowledges that SEF has not given any representation, promise, or guarantee of Micro-Franchisee's success in the Designated Location; and that Micro-Franchisee shall be solely responsible for its own success in the Designated Location. Micro-Franchisee acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Micro-

Franchisee's ability as an independent businessperson, his/her active participation in the daily affairs of the business, market conditions, area competition, quality of services provided as well as other factors. SEF does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby, and Micro-Franchisee acknowledges that it has not received nor relied upon, any such representation or warranty.

17.6 Micro-Franchisee's Obligations. Although SEF retains the right to establish and periodically modify System standards, which Micro-Franchisee has agreed to maintain in the operation of the business contemplated hereunder, Micro-Franchisee retains the right and sole responsibility for the day-to-day management, operation, implementation and maintenance of system standards in the business contemplated hereunder.

17.7 Modification of Offers. Micro-Franchisee acknowledges that SEF may modify the offer of its franchises and development agreements to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

17.8 Business Judgment. Micro-Franchisee understands and agrees that SEF may operate and change the System and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever SEF has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Micro-Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, SEF may make such decision or exercise its right and/or discretion on the basis of SEF's judgment of what is in SEF's best interests, including SEF's judgment of what is in the best interests of the franchise network, at the time SEF's decision is made or its right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by SEF; (2) SEF's decision or the action taken promotes SEF's financial or other individual interest; (3) SEF's decision or the action it takes applies differently to Micro-Franchisee and one or more other Micro-Franchisees or SEF's company-owned or affiliate-owned operations; or (4) SEF's decision or the exercise of its right or discretion is adverse to Micro-Franchisee's interests. In the absence of an applicable statute, SEF will have no liability to Micro-Franchisee for any such decision or action. SEF and Micro-Franchisee intend that the exercise of SEF's 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, SEF and Micro-Franchisee agree that such 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 SEF the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Micro-Franchisee's rights and obligations hereunder.

17.9 Consultation. Micro-Franchisee acknowledges that it has read and understood this Agreement, the exhibits hereto, and agreements relating thereto, if any, and that SEF has accorded Micro-Franchisee ample time and opportunity to consult with advisors of Micro-Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Agreement in duplicate on the day and year first above written.

<p><b><u>Structural Elements Franchising, LLC</u></b> SEF</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p>	<p>_____</p> <p>Micro-Franchisee</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>_____</p> <p>Qualified Professional</p> <p>Printed Name: _____</p>
<p>Address for Notices:</p> <p>Structural Elements Franchising, LLC 13214 Fountainhead Plaza Hagerstown, Maryland 21742 Attn: Susan Glosby, VP of Operations <a href="mailto:susan@structuralelements.com">susan@structuralelements.com</a></p> <p>with a copy to:</p> <p>Lathrop GPM LLP 80 South Eighth Street 3100 IDS Center Minneapolis, MN 55402 Attn: Elizabeth S. Dillon, Esq. <a href="mailto:elizabeth.dillon@lathropgpm.com">elizabeth.dillon@lathropgpm.com</a></p>	<p>Address for Notices:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Telephone: _____</p> <p>Attn: _____</p> <p>Email: _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Telephone: _____</p> <p>Attn: _____</p> <p>Email: _____</p>

**STRUCTURAL ELEMENTS  
MICRO-FRANCHISE AGREEMENT  
EXHIBIT A  
DESIGNATED LOCATION AND KEY TERMS**

1. Designated Location. The Micro-Franchise Business shall be established and operated within the following Clinic (the “**Designated Location**”):

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2. Micro-Franchise Fee. The Micro-Franchise Fee is \$\_\_\_\_\_. The Parties have concluded that the Micro-Franchise Fee is a commercially reasonable reflection of the value of services SEF provides to Micro-Franchisee that are not otherwise described by the fees described in this section.

3. Service Fee. Micro-Franchisee shall pay SEF the following Service Fee (check one):

\_\_\_\_\_ A. A Service Fee equal to eight percent (8%) of Gross Receipts for the preceding calendar month (the “**Standard Service Fee**”). The foregoing notwithstanding, Micro-Franchisee agrees to pay SEF, commencing on the third full calendar month after the Micro-Franchise Business opens, a minimum monthly service fee of \$200 per calendar month in the event that such amount is greater than the Standard Service Fee for any full calendar month during the Term (the “**Minimum Service Fee**”). The Standard Service Fee and the Minimum Service Fee are referred to herein in this Agreement as the “**Service Fees.**”

\_\_\_\_\_ B. A Service Fee equal to **[insert mutually agreed fee]**

4. Brand Building Contribution. Micro-Franchisee shall pay SEF the following Brand Building Contribution (check one):

\_\_\_\_\_ A. A SEF Brand Building Contribution on the tenth (10th) day of each calendar month in an amount equal to one percent (1%) of Gross Receipts for the preceding calendar month. SEF reserves the right to increase the Brand Building Contribution upon sixty (60) days advance written notice to Micro-Franchisee; provided that SEF will not increase the Brand Building Contribution to more than two percent (2%) of Gross Receipts during the Term.

\_\_\_\_\_ B. A Brand Building Contribution equal to **[insert mutually agreed fee]**

5. Initial Training Fee. Micro-Franchisee will pay SEF the initial training fee as follows (check one):

\_\_\_\_\_ A. \$5,000 Lump Sum Payment Option. Due prior to the opening of the Micro-Franchise Business; or

\_\_\_\_\_ B. \$138.88 Monthly Installment Option. First installment due on the Effective Date for the first calendar month; all subsequent monthly installments due on the 10th day of each calendar month.

<p><b>Structural Elements Franchising, LLC</b> SEF</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>_____</p> <p>Micro-Franchisee</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>
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**STRUCTURAL ELEMENTS  
MICRO-FRANCHISE AGREEMENT  
EXHIBIT B  
GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT**

As an inducement to Structural Elements Franchising, LLC (“SEF”) to execute the Structural Elements Micro-Franchise Agreement between SEF and \_\_\_\_\_ (“Micro-Franchisee”), dated \_\_\_\_\_, 20\_\_ (the “Agreement”), the undersigned hereby unconditionally guarantees to SEF and SEF’s successors and assigns that all of Micro-Franchisee’s monetary and other obligations under the Agreement will be punctually paid and performed.

This is a guarantee of payment and not of collection. Upon demand by SEF, the undersigned agrees to immediately make each payment required of Micro-Franchisee under the Agreement and waive any right to require SEF to: (a) proceed against Micro-Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Micro-Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Micro-Franchisee; or (d) give notice of demand for payment by Micro-Franchisee. Without affecting the obligations of the undersigned under this Guarantee, SEF may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Micro-Franchisee, or settle, adjust, or compromise any claims against Micro-Franchisee, and the undersigned waives notice of same and agrees to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned agrees to defend, indemnify and hold SEF harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, costs, and expenses (and interest on such fees, costs, and expenses), reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Micro-Franchisee to perform any obligation of Micro-Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Micro-Franchisee referred to therein.

The undersigned acknowledges the provisions of Section 16 of the Agreement and expressly agrees to be individually bound by all of the covenants contained in Sections 5.2.9, 6, and 9 of the Agreement, and acknowledges and agrees that this Guarantee does not grant the undersigned any right to use the “Structural Elements” marks or System.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of the individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 16 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

IN WITNESS WHEREOF, the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR

(Seal)

Signed: \_\_\_\_\_  
(In his/her individual capacity)

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

Address: \_\_\_\_\_  
\_\_\_\_\_

**STRUCTURAL ELEMENTS  
MICRO-FRANCHISE AGREEMENT  
EXHIBIT C**

**NON-SOLICITATION, NON-COMPETE AND NON-DISCLOSURE AGREEMENT**

THIS NON-SOLICITATION, NON-COMPETE AND NON-DISCLOSURE AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”), is entered into by \_\_\_\_\_, which has a principal place of business at \_\_\_\_\_ (“**Micro-Franchisee**”) \_\_\_\_\_ (“**Covenantor**”) and **Structural Elements Franchising, LLC**.

**WITNESSETH:**

WHEREAS, Micro-Franchisee is party to a Micro-Franchise Agreement dated \_\_\_\_\_ (the “**Micro-Franchise Agreement**”) with Structural Elements Franchising, LLC, a Maryland limited liability company (“**SEF**”), and by virtue of that relationship Micro-Franchisee has access to and uses confidential information, including, but not limited to, Confidential Information (as defined herein) owned by SEF for use in the operation of a Structural Elements micro-franchise business (“**Micro-Franchise Business**”) at or from a Structural Elements Clinic (the “**Clinic**”), which includes specialized methods of postural assessment and therapeutic modalities which include manual therapy, soft tissue work, acupuncture/dry needling, exercise and other approved modalities (the “**Methods**”); and

WHEREAS, pursuant to the Micro-Franchise Agreement with SEF, Micro-Franchisee must have Covenantor execute this Agreement prior to providing Covenantor access to said Confidential Information;

WHEREAS, pursuant to the Micro-Franchise Agreement, Micro-Franchisee has agreed to establish a Micro-Franchise Business within the designated location described in the Micro-Franchise Agreement (“**Designated Location**”) and

WHEREAS, Covenantor wishes to be granted access to certain portions of the Confidential Information as a result of training received directly from SEF.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

**AGREEMENT**

1. **Non-Solicitation Covenant.** Covenantor covenants that during Covenantor’s employment or engagement with Micro-Franchisee (or, as applicable, ownership in Micro-Franchisee), and for a period of two (2) years after the later of: (i) that employment or engagement ends (regardless of cause) or (ii) Covenantor transfers or otherwise assigns its ownership interest in Micro-Franchisee, Covenantor will not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any person or business entity, solicit, encourage, or induce

(or attempt to solicit, encourage, or induce) any client or customer with whom Micro-Franchisee or SEF has a business relationship to cease doing business with (or alter or reduce its business relationship with) Micro-Franchisee or with SEF.

2. **Non-Compete Covenant.** During Covenantor’s employment or engagement with Micro-Franchisee (or, as applicable, ownership in Micro-Franchisee), and for a period of two (2) years after the later of: (i) that employment or engagement ends (regardless of cause) or (ii) Covenantor transfers or otherwise assigns its ownership interest in Micro-Franchisee, Covenantor shall not directly or indirectly take any of the following actions in any capacity whatsoever within the Designated Location or within a ten (10) mile radius of any Clinic: (a) own, manage, operate, join, or control (or participate in the ownership, management, operation, or control of) any business or enterprise offering physical therapy, chiropractic, massage therapy, or acupuncture/dry needling services (a “**Competitive Business**”) or (b) serve as a manager, consultant, agent, or representative of any Competitive Business; provided that the foregoing shall not restrict Covenantor’s ability to participate lawfully in the business and operations of Micro-Franchisee.

3. **Non-Disclosure Covenant.**

a. **Definition of Trade Secrets.** As used herein, the term “**Trade Secret**” means information including the Methods, technical or non-technical data, compilations, programs, methods, techniques, processes, financial data, financial plans or lists of actual or potential clients which derives economic value, actual or potential, from not being generally known to, and not readily ascertainable by proper means by, other persons or entities who can obtain economic value from its disclosure or use.

b. **Definition of Confidential Information.** As used herein, the term “**Confidential Information**” means all client data and all information disclosed by SEF to Covenantor in the course of preparing to perform or performing under the Micro-Franchise Agreement, including information relating to the Structural Elements system (“**System**”), any Trade Secret (defined above), related documentation, specifications, and training materials, all other methods for establishing, operating and promoting the Micro-Franchise Business pursuant to SEF’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, manuals, client lists and data, ideas, research and development, and such other information as may be further developed periodically by SEF or identified to Covenantor by SEF as confidential. Except with regard to client data and similar information regarding clients disclosed by SEF to Covenantor through training programs, “**Confidential Information**” shall not include information that Covenantor can establish, by competent proof: (i) was known to the public prior to its disclosure to Covenantor, or has become known to the public through no fault of Covenantor; or (ii) was, prior to disclosure by SEF, disclosed to Covenantor by a third party having a lawful right to make such disclosure without limitation on disclosure.

c. **Agreement to Maintain Confidentiality of Proprietary Information.** Covenantor acknowledges and agrees that all Confidential Information is exclusively owned by SEF as

its intellectual property and licensed to Micro-Franchisee solely for use in establishing and operating the Micro-Franchise Business. During the term of Covenantor's employment with Micro-Franchisee (or, as applicable, ownership in Micro-Franchisee), and for five (5) years after the later of: (i) that employment ends (regardless of cause) or (ii) Covenantor transfers or otherwise assigns its ownership interest in Micro-Franchisee, Covenantor shall retain the Confidential Information of both SEF and Micro-Franchisee in confidence, shall not use any such Confidential Information for its own benefit or for the benefit of any third party (except in performance of obligations that may be properly delegated to him or her by Micro-Franchisee), and shall not disclose any such Confidential Information to any third party. Notwithstanding the above, Confidential Information which qualifies as a Trade Secret shall be maintained in confidence for the maximum period of time permitted by the applicable law therefore.

- d. **Return of Confidential Information.** Covenantor will, upon termination of his or her employment with Micro-Franchisee (or, as applicable, transfer or otherwise assignment of Covenantor's ownership interest in Micro-Franchisee), or upon the request of Micro-Franchisee and/or SEF, either (i) return to Micro-Franchisee and/or SEF all originals and copies of Confidential Information (including, but not limited to, backups, analyses, reports and other information derived from such Information), in paper, electronic or other form, then in Covenantor's possession or control, or (ii) if so directed by the Micro-Franchisee and/or SEF, destroy all such Confidential Information and copies thereof. **Nothing contained in this Agreement will be construed as granting or conferring any rights by license or otherwise to Confidential Information disclosed by the Micro-Franchisee and/or SEF.**
  - e. However, any provision to the contrary notwithstanding, it shall not be a violation of Covenantor's confidentiality obligation if disclosure of confidential information (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Covenantor shall provide SEF reasonable advanced notice prior to such disclosure unless Covenantor is prohibited by law from doing so.
4. **Assignment and Assumption; SEF as Third Party Beneficiary.** This Agreement is assignable by Micro-Franchisee with the sale or transfer of the Micro-Franchise Business and therefore will inure to the benefit of Micro-Franchisee's successors and assigns as if they were signatories hereto. In addition, SEF is an intended third-party beneficiary of this Agreement with the independent right (but without an obligation) to enforce the non-disclosure and non-competition provisions contained herein, and that right also shall inure to the benefit of SEF's successors and assigns.
  5. **No Waiver; Severability.** No failure or delay by the Micro-Franchisee or SEF in exercising any right hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right or power. The provisions of this Agreement will be deemed severable, and the invalidity or unenforceability

of any one or more of the provisions hereof will not affect the validity and enforceability of the other provisions. In the event any provision of this Agreement is declared by a court of competent jurisdiction to be unreasonable or unenforceable, such restrictions will be deemed to have become the maximum restrictions which the court deems reasonable and enforceable.

- 6. **Remedies; Injunctive Relief.** Covenantor acknowledges that the breach or threatened breach of this Agreement may result in irreparable injury to Micro-Franchisee and/or SEF and that, in addition to their other remedies, Micro-Franchisee and/or SEF will be entitled to injunctive relief to restrain any threatened or continued breach of this Agreement by Covenantor. Covenantor hereby waives any requirement for the posting of a bond or other security in connection with the granting to the Micro-Franchisee and/ or SEF of such injunctive relief. Covenantor will reimburse Micro-Franchisee and/or SEF for any and all costs and attorney fees incurred by Micro-Franchisee and/or SEF to enforce the terms of this Agreement.
  
- 7. **No Employment by SEF.** Notwithstanding anything to the contrary, Covenantor acknowledges that he or she is not employed by SEF. Nothing contained in this Agreement shall confer any status of employment of Covenantor by SEF, or any right or expectation on a Covenantor to be employed by SEF.

IN WITNESS WHEREOF, each party hereto has executed or caused this Agreement to be executed under seal on his or its behalf, all on the day and year first above written.

Covenantor:	Micro-Franchisee: _____
_____	By: _____
Print Name: _____	Print Name: _____
Address: _____	Print Title: _____
_____	
Telephone: _____	

Structural Elements Franchising, LLC:

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Print Title: \_\_\_\_\_

*(Micro-Franchisee must provide signed version of this Agreement to SEF within 10 days of signature.)*

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

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
		360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

**EXHIBIT C**  
**LIST OF MICRO-FRANCHISEES**

Below is a list of our Micro-Franchisees as of December 31, 2024.

**Maryland**

Anne Bertram  
18817 Crofton Road  
Hagerstown, Maryland 21742  
(717) 860-0562

Doug Bertram  
13214 Fountain Head Plaza  
Hagerstown, Maryland 21742  
(301) 766-9293

Michael Day  
128 Beechwood Lane  
Chambersburg PA 17201  
(646) 457-0710

David Everhart  
312 Woodpoint Avenue  
Hagerstown, Maryland 21740  
(301) 988-5945

Jason Knicley  
3540 Sugarloaf Parkway  
Frederick, MD 21704  
240-341-2199

Chuck Gibbs  
132 Amber Creek Rd, Unit 54  
Crofton, MD 21114  
615-618-0443

Tristan Glosby  
20459 Jefferson Blvd  
Hagerstown, MD 21742  
301-766-9293

Jocelyn Shannon  
20907 Mount Aetna Rd  
Hagerstown, MD 21742  
443-465-0858

**Wisconsin**

Kevan Creighton  
2639A S 3rd Street  
Milwaukee, Wisconsin 53207  
(414) 232-9781

Connor Leichtle  
603 Cabrini Circle  
West Bend, WI 53095  
262-355-6241

Melissa King  
N75 W23358 N Ridgeview Cir  
Sussex, WI 53089  
262-993-5777

**EXHIBIT D**  
**LIST OF FORMER MICRO-FRANCHISEES**

Below is a list of our former Micro-Franchisees as of the issuance date of this disclosure document.

Jevin Boardman  
Milwaukee, WI  
612-223-3822

Rachel Day  
Chambersburg, PA  
201-819-4588

Rick Bishop  
Punxsutawney, PA  
(814) 952-1427

**EXHIBIT E**  
**FINANCIAL STATEMENTS**

Audited  
Financial  
Statements

December 31,  
2024

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# Structural Elements Franchising, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Member  
Structural Elements Franchising, LLC  
Hagerstown, Maryland

### ***Opinion***

We have audited the accompanying financial statements of Structural Elements Franchising, LLC (a Maryland limited liability company), which comprise the balance sheets as of December 31, 2024, 2023, and 2022 and the related statements of income, member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Structural Elements Franchising, LLC as of December 31, 2024, 2023 and 2022 and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

### ***Responsibilities of Management for the Financial Statements***

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

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

## ***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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

*Smith Elliott Keorns + Company, LLC*

Hagerstown, Maryland  
March 6, 2025

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Balance Sheets

December 31, 2024, 2023 and 2022

	2024	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 3,368	\$ 1,682	\$ 10,529
Accounts receivable, net	16,420	17,907	16,273
Prepaid expenses	3,563	1,551	1,491
Inventory	5,222	-	-
Due from related party	874,415	625,647	413,904
Total Current Assets	<u>902,988</u>	<u>646,787</u>	<u>442,197</u>
<b>Property and Equipment</b>			
Equipment	15,911	15,169	15,169
Vehicle	54,698	54,698	54,698
Website	18,960	18,259	18,259
	<u>89,569</u>	<u>88,126</u>	<u>88,126</u>
Less accumulated depreciation	80,379	88,126	87,202
Total Property and Equipment, Net	<u>9,190</u>	<u>-</u>	<u>924</u>
<b>Other Assets</b>			
Trademark license agreement	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,012,178</u>	<u>\$ 746,787</u>	<u>\$ 543,121</u>
<b>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 1,504	\$ 1,473	\$ 740
Interest payable	2,977	8,062	8,447
Accrued expenses	-	5,073	2,434
Small Business Administration note payable, current maturities	2,063	3,383	1,660
Line of credit	919,657	634,513	307,981
Total Current Liabilities	<u>926,201</u>	<u>652,504</u>	<u>321,262</u>
<b>Long-term Liabilities</b>			
Small Business Administration note payable, less current maturities	84,527	85,346	87,069
Promissory note - related party	-	-	682,380
Total Long-term Liabilities	<u>84,527</u>	<u>85,346</u>	<u>769,449</u>
Total Liabilities	1,010,728	737,850	408,331
Member's Equity (Deficit)	<u>1,450</u>	<u>8,937</u>	<u>134,790</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>	<u>\$ 1,012,178</u>	<u>\$ 746,787</u>	<u>\$ 543,121</u>

**STRUCTURAL ELEMENTS FRANCHISING, LLC**  
**Statements of Income**  
**Years Ended December 31, 2024, 2023 and 2022**

	2024	2023	2022
<b>REVENUE</b>			
Royalty revenue	\$ 161,325	\$ 127,730	\$ 133,126
Brand fees	5,444	4,380	17,413
Subscription and technology fees	4,200	4,200	4,200
Initial franchise fees	5,375	-	5,000
Training fees	5,000	-	10,000
Product Sales	4,762	-	-
Total Revenue	186,106	136,310	169,739
<b>COST OF SALES</b>			
	2,423	977	841
Gross Profit	183,683	135,333	168,898
<b>OPERATING EXPENSES</b>			
Payroll and benefits	157,411	156,921	160,471
Professional fees	99,421	58,428	45,721
Marketing and advertising	47,492	23,461	24,044
Rent	18,000	18,000	18,000
HR services	6,001	12,347	9,946
Dues and subscriptions	3,479	8,432	6,020
Bank fees	2,093	4,010	5,589
Insurance	3,054	2,765	2,759
Office supplies and other expenses	9,375	2,021	4,004
Taxes and licenses	349	997	600
Depreciation	1,202	924	615
Bad debt expense	-	6,425	11,162
Travel	-	-	124
Operating Expenses	347,877	294,731	289,055
Operating (Loss)	(164,194)	(159,398)	(120,157)
<b>OTHER INCOME (EXPENSE)</b>			
Forgiveness of guaranteed payment liability by member	-	-	87,500
Management fees revenue	27,000	78,000	102,000
Interest expense	(70,293)	(44,455)	(18,426)
Total Other Income (Expense)	(43,293)	33,545	171,074
<b>NET INCOME (LOSS)</b>	<b>\$ (207,487)</b>	<b>\$ (125,853)</b>	<b>\$ 50,917</b>

**STRUCTURAL ELEMENTS FRANCHISING, LLC**  
**Statements of Member's Equity**  
**Years Ended December 31, 2024, 2023 and 2022**

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<b>BALANCE (DEFICIT) AT JANUARY 1, 2022</b>	\$ (182,776)
Equity contributions	266,649
Net income	<u>50,917</u>
<b>BALANCE AT DECEMBER 31, 2022</b>	134,790
Equity contributions	-
Net (loss)	<u>(125,853)</u>
<b>BALANCE AT DECEMBER 31, 2023</b>	8,937
Equity contributions	200,000
Net (loss)	<u>(207,487)</u>
<b>BALANCE AT DECEMBER 31, 2024</b>	<u>\$ 1,450</u>

**STRUCTURAL ELEMENTS FRANCHISING, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024, 2023 and 2022**

	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss)	\$ (207,487)	\$ (125,853)	\$ 50,917
Adjustments to reconcile net income (loss) to net cash (used in) operating activities:			
Depreciation and amortization	1,202	924	615
Provision for bad debts	-	600	11,162
(Increase) in accounts receivable	1,487	(2,234)	(17,435)
(Increase) decrease in prepaid expenses	(2,012)	(60)	8
(Increase) decrease in due from related party	(248,768)	(211,743)	(305,283)
(Increase) decrease in retail inventory	(5,222)	-	-
Increase (decrease) in accounts payable	31	733	(16,711)
Increase (decrease) in accrued expenses/interest payable	(10,158)	2,254	2,252
Increase (decrease) in guaranteed payments due to member	-	-	(87,500)
Net Cash (Used In) Operating Activities	<u>(470,927)</u>	<u>(335,379)</u>	<u>(361,975)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment and website costs	<u>(10,392)</u>	<u>-</u>	<u>-</u>
Net Cash (Used In) Investing Activities	<u>(10,392)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net borrowings (repayments) on the line of credit	285,144	326,532	214,559
Paydown of other note payable	(2,139)	-	(271)
Paydown of SBA note payable	-	-	72,600
Member capital contribution	<u>200,000</u>	<u>-</u>	<u>-</u>
Net Cash Provided By Financing Activities	<u>483,005</u>	<u>326,532</u>	<u>286,888</u>
Net Increase (Decrease) In Cash and Cash Equivalents	1,686	(8,847)	(75,087)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>			
Exclusion of SEFD cash post-restructuring	<u>-</u>	<u>-</u>	<u>10,309</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 3,368</u>	<u>\$ 1,682</u>	<u>\$ 10,529</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>			
Cash paid during the year for interest	\$ 66,639	\$ 46,212	\$ 22,362

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### *Organization and Nature of Operations*

Structural Elements Franchising, LLC (the Company) is a limited liability company organized in the State of Maryland on August 26, 2015. The Company is a franchisor of STRUCTURAL ELEMENTS® treatment centers that provide orthopedic wellness services through the Structural Elements treatment process, which combines dry needling techniques with a holistic approach to structural balancing by using a body mapping system developed by the Company's founder. In addition to franchising of treatment centers, the Company also enters into micro franchising agreements which allow for the delivery of treatments to customers at either a regional developer clinic, franchised clinic or Company-owned clinic by the individual micro franchisee. The intended market for franchises and micro franchises is throughout the United States. As of December 31, 2021, there were three active franchised treatment centers and eleven active micro-franchisees.

During 2019 the Company formed a new wholly owned subsidiary, SEF Development LLC (SEFD). While SEFD had no activity in 2019, during 2020 it acquired most of the assets of Structural Elements, LLC (SE), an entity wholly owned by the Company's founder that operated a clinic in Hagerstown, Maryland and which served as a model for the franchising business. The purpose of this asset purchase was for SEFD to continue operating the clinic formerly operated by SE whereby micro franchisees utilize clinic space to provide treatment services in exchange for rental and administrative service fees. In conjunction with this effort, SEFD signed a lease for the same building space being used for the clinic, which continued operations during and since this transaction. Excluded from this agreement were intellectual property rights and licenses associated with the STRUCTURAL ELEMENTS® brand, for which SE and the Company have a separate active licensing agreement as discussed further in Note 3.

During 2021 a new entity, Structural Elements Holdings, LLC (Holdings) was established. On December 31, 2021 the Company's ownership group, comprised of twenty-two individuals and entities as of that date, executed an agreement to contribute their collective ownership shares to Holdings in exchange for the same proportionate ownership interests in Holdings. Through this agreement the Company also contributed its ownership in SEFD.

#### *Use of Estimates in the Preparation of Financial Statements*

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

#### *Cash*

From time to time during the years presented, SEF's bank account balances may have exceeded the federally insured limit. Management considers this to be a normal business risk.

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### ***Accounts Receivable and Allowance for Credit Losses***

SEF provides credit in the normal course of business to its customers and franchisees and performs ongoing credit evaluations on the franchisees. Receivables are generally due thirty (30) days after billed. SEF considers allowances for credit losses based on factors surrounding the credit risk of specific customers, historical trends, projections of trends and other information. Management of SEF periodically reviews the collectability of accounts receivable, and those accounts which are considered not collectible are written off as bad debts using the direct write-off method. Based on management's review an allowance for doubtful accounts is not considered necessary. Management believes that application of the current expected credit loss principles and guidance would not result in a material difference from their use of the direct write-off method.

#### ***Inventory***

Inventory is valued at the lower of cost or net realizable value, using the first-in-first-out method, and is comprised of orthotics which are available for sale to franchisees.

#### ***Property and Equipment***

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<b>Life in Years</b>
Equipment	5
Vehicles	5
Website design costs	5

SEF capitalizes assets that have an individual cost of \$500 or more and a useful life exceeding one year. Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost is removed from the asset accounts and the related depreciation reserve is adjusted with the difference being charged to income.

#### ***Member's Assets and Liabilities***

The financial statements of Structural Elements Franchising, LLC include only the assets and liabilities of the Company for all years presented.

#### ***Income Taxes***

For income tax purposes, a limited liability company is treated as a partnership and does not incur federal or state income taxes. A limited liability company's earnings and losses are included in the members' income tax returns.

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### ***Uncertain Tax Positions***

SEF follows generally accepted accounting principles, which provides guidance on accounting for uncertainty in income taxes recognized in a company's financial statements. SEF's policy is to charge penalties and interest to income tax expense as incurred. SEF's federal and state income tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

#### ***Advertising***

SEF expenses the production costs of advertising the first-time advertising takes place, except for direct-response advertising, which if incurred would be capitalized and amortized over its expected period of future benefits. There was no direct-response advertising incurred for the years presented.

#### ***Risk and Uncertainties***

Assets of the Company may be exposed to various risks, such as interest rate, market and credit risks. Market risks include global events such as pandemics and international conflicts which could impact general economic conditions within which the markets in which the Company operates, thereby creating uncertainty for the Company. Such events could impact the Company's ability to maintain its operating results at the same level.

#### ***Statement of Cash Flows***

For purposes of the statement of cash flows, SEF has defined cash equivalents as all highly liquid deposits with a maturity of three months or less.

#### ***Revenue Recognition***

The Company generates revenues primarily through the following revenue streams:

##### ***Initial Franchise Fees***

The initial fees paid by the franchisee or micro franchisee for providing assistance, training for licensed professionals and the right to use logos. While there are multiple performance obligations as described, substantially all of these fees are attributed to training and are therefore recognized as revenue when the training occurs, which is generally soon after signing the franchise agreement.

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### *Revenue Recognition (Continued)*

##### *Training Income*

Fees charged for training not otherwise included in the initial franchise fees described above. These are typically training sessions to continue development of skills and knowledge of the SE methods, after franchisees and micro franchisees have completed initial training and onboarding. These fees are charged in order to attend specific courses and revenues are recognized as revenue by the Company at the time training is conducted.

##### *Royalty Income*

Fees paid by the franchisee monthly based on their earned gross receipts. The Company provides ongoing informal support as well as ongoing access to SE branded materials, emails and logos and other trademarked materials in exchange for royalties. This income is recognized as revenue by the Company in the same period that the gross receipts of the franchisee occur.

##### *Subscription and Technology Fees*

Fees paid by franchisees which allows them access to various online educational and training materials, and related technology support. These fees are charged to franchisees monthly and are recognized as revenue by the Company at the time they are charged.

##### *Brand Fees*

Fees paid by franchisees to support broad branding and marketing efforts intended to establish and expand recognition of the brand as well as individual franchisees. These fees are charged monthly as a percentage of gross receipts of the franchisee and are recognized as revenue by the Company as they are charged.

##### *Product Sales*

Revenues from the sale of orthotics items to unit and micro franchisees and units for retail sale. These sales are recognized when delivered to the franchisee which typically is at the time of sale and are comprised of a single performance obligation of transferring control and ownership of the product.

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

### NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

Asset Description	Cost	Accumulated Depreciation	Net Book Value
<b>2024</b>			
Equipment	\$ 15,911	\$ 15,175	\$ 736
Vehicle	54,698	54,698	-
Website design cost	18,960	10,506	8,454
	<u>\$ 89,569</u>	<u>\$ 80,379</u>	<u>\$ 9,190</u>
<b>2023</b>			
Equipment	15,169	\$ 15,169	\$ -
Vehicle	54,698	54,698	-
Website design cost	18,259	18,259	-
	<u>\$ 88,126</u>	<u>\$ 88,126</u>	<u>\$ -</u>
<b>2022</b>			
Equipment	\$ 15,169	\$ 14,245	\$ 924
Vehicle	54,698	54,698	-
Website design cost	18,259	18,259	-
	<u>\$ 88,126</u>	<u>\$ 87,202</u>	<u>\$ 924</u>

### NOTE 3 OTHER ASSETS

#### *Licensing Agreement*

As discussed in Note 1, SEF entered into a trademark licensing agreement with SE for the exclusive, royalty-free, worldwide perpetual right to use the trademarks owned by SE in connection with the advertising, promotion and sale of franchises of STRUCTURAL ELEMENTS® therapy businesses and to sublicense to franchisees the rights to use the licensed trademarks in advertising, promoting and operating STRUCTURAL ELEMENTS® businesses.

In exchange for rights granted under trademark licensing agreement, SEF paid SE a one-time license fee of \$100,000 in September 2015 resulting in the recognition of this intangible asset on the balance sheet of SEF. An amended licensing agreement was executed on December 31, 2021 which transferred this license to Holdings and allowed for use of the license by all subsidiaries of Holdings including SEF. As no consideration was paid as a result of the amendment, SEF's rights to use of the license were not restricted, the licensing agreement is considered to have an indefinite life, and management has not identified any impairment of the license as of December 31, 2024, it remains presented as an intangible asset on the balance sheet of SEF.

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

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### NOTE 4 LINE OF CREDIT

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In February 2018, SEF entered into a line of credit agreement with Fulton Bank (formerly The Columbia Bank). The line of credit was due upon demand of the lender and under the agreement SEF could have outstanding borrowings at any one time for an amount up to \$500,000. Interest on outstanding borrowings accrued at a variable rate equal to the prime rate plus 0.5% (7.50% at December 31, 2024) and was payable monthly. The line of credit was collateralized by all business assets of SE and was guaranteed by two members of SEF and the founder of the Company. The right of setoff was granted to Fulton Bank for any amounts owed under the line of credit. The outstanding balance due at December 31, 2022 was \$307,981. In July 2023 SEF closed this line of credit agreement with Fulton Bank and entered into a new agreement with First United Bank.

SEF's line of credit with First United Bank, established on July 21, 2023, allows for outstanding borrowings at any one time up to \$1,000,000. Interest on outstanding borrowings accrues at a variable rate equal 3.5% plus the highest Secured Overnight Financing Rate (SOFR) 30 day average rate as published in the SOFR Average and Index Date section of the Federal Reserve Bank of New York. This resulted in an interest rate of 8.17% as of December 31, 2024. Payments of interest are due monthly with all accrued and unpaid interest and outstanding principal being due on the earlier of demand or maturity. The line of credit is guaranteed by Holdings as well as by its managing member and one of its investors. The line of credit is also collateralized by all business assets of the Company and the personal residence of the managing member of Holdings. The line of credit requires compliance with various financial and non-financial covenants, including that the Company will maintain or exceed a debt coverage ratio of 1.25 or greater. The Company was unable to achieve this debt coverage ratio for the year ended December 31, 2024.

### NOTE 5 NOTES PAYABLE

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During 2020, SEF signed a note payable with the U.S. Small Business Administration (SBA) under the Economic Injury Disaster Loan (EIDL) program. The note is in the amount of \$16,400 and is payable beginning March 2022 with monthly payments of \$80 comprising principal and interest. This note carries a rate of 3.75% and matures in 30 years. Also, during 2020, SEF obtained an Economic Injury Disaster Loan Advance (EIDL Advance) from the SBA in the amount of \$8,000. This advance was recognized as revenue during 2021 when management determined the amount would not require repayment.

During 2022, SEF signed a new note payable with the SBA under the EIDL program, effectively replacing the note signed during 2020 in the amount of \$16,400 and increasing the loan amount from \$16,400 to \$89,100. Repayment of the loan commenced in November 2022 at a fixed rate of 3.75% and matures in June 2050.

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

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### NOTE 5 NOTES PAYABLE (CONTINUED)

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Details of SEF's current note payable and long-term debt as of December 31, 2024, 2023 and 2022 are as follows:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
SBA note payable	\$ 86,590	\$ 88,729	\$ 88,729
Less: current maturities	<u>(2,063)</u>	<u>(3,383)</u>	<u>(1,660)</u>
	<u>\$ 84,527</u>	<u>\$ 85,346</u>	<u>\$ 87,069</u>

Following are maturities of the note payable at December 31:

<b>December 31,</b>	
2025	2,063
2026	2,142
2027	2,223
2028	2,308
2029	2,396
Thereafter	75,458

### NOTE 6 FRANCHISE AND MICRO FRANCHISE SALES

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SEF sold franchises for clinics based in Milwaukee, Wisconsin (WI), Leesburg, Virginia (VA) and Urbana, Maryland (MD) during the year ended December 31, 2017. The owner of the WI franchise at time of the sale was an unrelated third party who later acquired an ownership interest in SEF and then sold the franchise to an unrelated third party. The owner of the VA franchise at time of sale was an unrelated third party who later sold their franchise to the founder of SEF in 2018. The MD franchise was established by a member of SEF. As of December 31, 2024, the WI and MD franchises are in operation and pay royalties to SEF, while the VA franchise is currently inactive. Additionally, SEFD operates the original clinic location in Hagerstown, MD.

A total of eleven micro franchises are active and operational as of December 31, 2024. Micro franchisees provide therapy sessions within a franchised clinic, a company-owned clinic or a clinic owned by a regional developer. Fees generated from micro franchisees are discussed in Note 1.

Several micro franchisees also signed a sublease with SEFD to rent space within the Company-operated clinic in Hagerstown, Maryland to perform therapy sessions as discussed further in Note 9.

### NOTE 7 CAPITAL CONTRIBUTIONS

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During the year ended December 31, 2024, SE Holdings, LLC, contributed \$200,000 to SEF for use in ongoing operations.

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

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### NOTE 8 RELATED PARTY TRANSACTIONS

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During the year ended December 31, 2021, SEF recognized amounts due from Structural Elements, LLC for the use of an HR and scheduling system, management fees and for reimbursement of Structural Elements, LLC payroll costs that were paid for by SEF. These transactions were discontinued in 2019 and resulted in a receivable from SE of as of December 31, 2021 totaling \$9,985 that remains unpaid as of December 31, 2024. This amount is presented in the Balance Sheets as Due from Related Party.

Two of the three active unit franchises are owned by related parties as of December 31, 2024, and four micro franchisees are related parties. During the year ended December 31, 2024, a significant amount of royalty revenue was generated from related parties. Related to these activities are accounts receivable totaling \$4,718, \$3,559 and \$4,150 as of December 31, 2024, 2023 and 2022, respectively.

During 2022 SEF signed a sub-lease agreement with SEFD for space at the Hagerstown, Maryland clinic from which to operate. The lease is on a month-to-month basis and requires a monthly payment of \$1,500 to be paid to SEFD. This is presented as rent expense in the Statements of Income and totaled \$18,000 for the year ended December 31, 2024.

During 2023 SEF paid for certain operating expenses of SE Education, LLC and SEFD, as a result of having greater liquidity and line of credit borrowing resources available and recognized an increase in amounts receivable from these entities. During 2024 SEF provided funding to SEFD to assist with construction costs to expand the Hagerstown, Maryland clinic. As these amounts are expected to be reimbursed to SEF within a year from the balance sheet date, they have been classified as current assets.

During 2022 SEF entered into a managed services agreement with SEFD whereby SEF would provide managerial services to SEFD in exchange for a fee. This fee revenue is included in the Statements of Income as Management Fees Revenue. On November 1, 2024, this agreement was amended such that the fee for services was discontinued and services that continue to be provided by SEF will be exchanged for in-kind services and accommodations to be provided by SEFD to SEF.

### NOTE 9 CONTINGENCIES

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The Company incurred substantial professional fees during its early years of operation with the goals of establishing an appropriate structure for future growth and to create intellectual property and other materials that can be utilized for future marketing and branding efforts. These were mostly considered period costs and therefore were not capitalized, which resulted in reductions from equity through current year. As previously discussed, the Company has evolved its growth strategy over the past several years to focus on further development of expanded service offerings and has seen some level of growth within its micro franchisee relationships.

# STRUCTURAL ELEMENTS FRANCHISING, LLC

## Notes to Financial Statements

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### NOTE 9 CONTINGENCIES (CONTINUED)

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In recent years, management has focused on cost containment in order to improve cash flows, and has supported micro franchisees in expanding services being offered. While royalty revenues, training and brand fees, and fees from related parties have in total been higher during 2024 than any prior year, the Company has continued to have a negative cash flow from operating activities.

During February 2025, a related party provided \$250,000 of additional funding in order to pay down the line of credit balance with the expectation that repayment would occur upon SEF successfully securing an increase in the line of credit described at Note 4. This allowed for remaining borrowing capacity under the existing line of credit in an amount exceeding the net loss for the year ended December 31, 2024. Management believes that this remaining borrowing capacity is sufficient to continue operations for the foreseeable future, though will continue to work with its lender to increase the line of credit borrowing limit.

SEF's ability to continue as a going concern will be contingent upon ongoing successful expansion of its network of franchises and micro franchises and the successes of those entities. Management will also need to continue closely managing costs associated with the generation of these revenues. Until such time as operating results are sufficient to exceed related costs, SEF will primarily rely on the line of credit discussed in Note 4, which has approximately \$286,000 of remaining borrowing capacity as of February 25, 2025 to support ongoing operating cash needs.

### NOTE 10 SUBSEQUENT EVENTS

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SEF has evaluated events and transactions subsequent to December 31, 2024 through March 6, 2025, the date these financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles, management has not identified any events that require recognition or disclosure in the financial statements.

**EXHIBIT F**  
**STATE-SPECIFIC DISCLOSURES/**  
**STATE-SPECIFIC AGREEMENT AMENDMENTS**

## Maryland Disclosure

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

### Item 5, Additional Disclosures:

Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement.

### Item 17, Additional Disclosures:

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

The Micro-Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

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

### Franchisee Acknowledgment / Compliance Certification:

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.

## Wisconsin Disclosure

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

## **Maryland Amendment to the Micro-Franchise Agreement**

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

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

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

The Micro-Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

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

Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement.

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.

Sections 17.1, 17.3, 17.5, and 17.9 of the Franchise Agreement are hereby deleted in their entirety.

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

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

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

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

FRANCHISOR:

MICRO-FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

**Wisconsin Amendment to the Micro-Franchise Agreement**

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Amendment apply.

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

“To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.”

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

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

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

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

FRANCHISOR:

MICRO-FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

**EXHIBIT G**  
**GENERAL RELEASE**

The following is our current general release agreement that we expect to include in a release that a Micro-Franchisee, other franchisee and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release agreement.

**General Release**

THIS GENERAL RELEASE (the “**Release**”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”), by and between:

- Structural Elements Franchising, LLC, a Maryland limited liability whose principal place of business is 13214 Fountainhead Plaza Hagerstown, Maryland 21742 (“**Franchisor**”); and
- \_\_\_\_\_ a [resident of] [corporation organized in] [limited liability company organized in] \_\_\_\_\_ and having offices at \_\_\_\_\_ [(“**Micro-Franchisee**”)] [(“**Transferor**”)].

**BACKGROUND:**

- A. Franchisor and Micro-Franchisee are party to a Micro-Franchise Agreement dated \_\_\_\_\_ (the “**Micro-Franchise Agreement**”);
- B. Franchisor and Micro-Franchisee have agreed, pursuant to the Micro-Franchise Agreement, [to renew or extend Micro-Franchisee’s rights under the Micro-Franchise Agreement (the “**Renewal Transaction**”)] [to permit a transfer or assignment of \_\_\_\_\_ pursuant to Section 4.2 of the Micro-Franchise Agreement (the “**Transfer Transaction**”)], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Micro-Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. **Release.** Micro-Franchisee [Franchisee], its officers and directors, its owners, guarantors, and their respective agents, heirs, administrators, successors, and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the “**Franchisor Group**”), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which

the Micro-Franchisee [Franchisee] and/or the Franchisee Group had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Micro-Franchisee [Franchisee] Agreement, the relationship created by the Micro-Franchisee [Franchisee] Agreement, or the development, ownership, or operation of the Structural Elements Clinic(s), excluding only such claims as the Micro-Franchisee [Transferor] may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233). The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Micro-Franchisee [Franchisee] Agreement, but only to the extent such liability relates to actions occurring prior to the Effective Date. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein.

## 2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release may be signed in counterparts. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5. The parties agree that all actions arising under this Release must be commenced in the state or federal court of general jurisdiction in Maryland, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the

parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

**Structural Elements Franchising, LLC**  
Franchisor

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT H**  
**FRANCHISEE COMPLIANCE CERTIFICATION**

*Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.*

As you know, Structural Elements Franchising, LLC (the “**Franchisor**”) and you are preparing to enter into a Micro-Franchise Agreement for the right to operate as a Micro-Franchisee (“**Micro-Franchisee**”) (the “**Micro-Franchise Business**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. The following dates and information are true and correct:
  - a. \_\_\_\_\_, 20\_\_      The date of my first face-to-face meeting with any person to discuss the possible purchase of a franchise for a Structural Elements business.  
Initials \_\_\_\_\_
  - b. \_\_\_\_\_, 20\_\_      The date on which I received the Franchisor’s Franchise Disclosure Document (“**FDD**”).  
Initials \_\_\_\_\_
  - c. \_\_\_\_\_, 20\_\_      The date when I received a fully completed copy (other than signatures) of the Micro-Franchise Agreement and Addenda (if any) and all other documents I later signed.  
Initials \_\_\_\_\_
  - d. \_\_\_\_\_, 20\_\_      The date on which I signed the Micro-Franchise Agreement.  
Initials \_\_\_\_\_
  
2. Have you received and personally reviewed the Micro-Franchise Agreement and each Addendum and related agreement attached to them?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  
3. Do you understand all of the information contained in Micro-Franchise Agreement, each Addendum and related agreement provided to you?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
If no, what parts of the Micro-Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)  
\_\_\_\_\_  
\_\_\_\_\_

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4. Do you understand that the Micro-Franchise Agreement contains a number of provisions that may affect your legal rights, including required arbitration, designated locations or states for any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Have you received and personally reviewed the FDD that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

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

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

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8. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a Micro-Franchise Business?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Do you understand that the success or failure of your Micro-Franchise Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has anyone speaking on the Franchisor’s behalf made any statement or promise to you concerning the revenues, profits or operating costs of a “Structural Elements” Clinic operated by the Franchisor or its franchisees or of a Micro-Franchise Business that is different from the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has anyone speaking on the Franchisor’s behalf made any statement or promise to you about the amount of money you may earn in operating the Micro-Franchise Business that is different from the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has anyone speaking on the Franchisor’s behalf made any statement or promise concerning the total amount of revenue your Micro-Franchise Business will or may generate that is different from the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has anyone speaking on the Franchisor’s behalf made any statement or promise regarding the costs you may incur in operating your Micro-Franchise Business that is different from the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has anyone speaking on the Franchisor’s behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Micro-Franchise Business?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Has anyone speaking on the Franchisor’s behalf made any statement or promise, or made an agreement with you, concerning how much service and assistance the Franchisor will provide to you (for example, concerning advertising, marketing, training, and support) that is different from the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. Have you paid any money to the Franchisor concerning the purchase of this franchise before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

18. Do you understand that you do not have any territorial rights?

Yes \_\_\_\_\_ No \_\_\_\_\_

19. Do you understand that the Micro-Franchise Agreement contains the entire agreement between you and the Franchisor concerning the Micro-Franchise Business, meaning that any prior oral or written statements not set out in the Micro-Franchise Agreement will not be binding?

Yes \_\_\_\_\_ No \_\_\_\_\_

20. If you have answered “Yes” to any of questions 10-17, please provide a full explanation of each “yes” answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered “no” to each of questions 10-17, then please leave the following lines blank.

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21. Do you acknowledge and represent to Franchisor that (a) you or the entity that you form to be Micro-Franchisee will be the employer of all of your employees and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working hours for, all of your employees; and (b) Franchisor and Franchisor’s affiliates will have no control, or right to control, any of the employment actions or decisions in your business? *We recommend that you retain employment law counsel to advise you with your employment issues and questions.*

Yes \_\_\_\_\_ No \_\_\_\_\_

22. I signed the Micro-Franchise Agreement, and Addenda (if any) on \_\_\_\_\_, 20\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

23. During my negotiations and evaluations leading up to my decision to buy a Structural Elements franchise, I communicated with the following individuals from Structural Elements or its affiliates, or independent brokers:

<u>Name</u>	<u>Address</u>
1.	<hr/>
2.	<hr/>
3.	<hr/>
4.	<hr/>

[Insert additional names and addresses below if needed]

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

FRANCHISE APPLICANT

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Signed

---

Printed Name

, 20\_\_

**EXHIBIT I**  
**State Effective Dates**

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

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

<b>States</b>	<b>Effective Date</b>
Maryland	Pending
Wisconsin	Pending

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

**EXHIBIT J**  
**RECEIPTS**

## RECEIPT

This disclosure document summarizes certain provisions of the Micro-Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Structural Elements Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If you are a resident of Michigan or New York, you must be provided with this disclosure document the earliest of the first meeting to discuss our franchise, 10 business days before signing a binding agreement or 10 business days before any payment to us.

If Structural Elements Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit B.

See Exhibit B for our Agents authorized to receive service of process.

Issuance date: April 18, 2025

I have received a disclosure document dated April 18, 2025 that included the following Exhibits:

- |   |   |
|---|---|
| A. Micro-Franchise Agreement                            | F. State-Specific Disclosures/State-Specific Agreement Amendments |
| B. List of Administrators/Agents for Service of Process | G. General Release  |
| C. List of Micro-Franchisees                            | H. Franchisee Compliance Certificate                              |
| D. List of Former Micro-Franchisees                     | I. State Effective Dates  |
| E. Financial Statements                                 | J. Receipts   |

The franchise seller is:

- Douglas Bertram, 13214 Fountainhead Plaza Hagerstown, Maryland 21742, (301) 766-9293
- Susan King Glosby, 8001 Forbes Place, #211, Springfield, Virginia 22151, (571) 212-2299

In addition, \_\_\_\_\_  
(Name, address and telephone number of broker or referral source)  
introduced me to Structural Elements Franchising, LLC.

Date of Receipt: \_\_\_\_\_ Prospective Franchisee  
\_\_\_\_\_, individually  
and as an officer or partner of \_\_\_\_\_  
a [ \_\_\_\_\_ corporation/partnership]

**Keep this Copy for your Records**

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\_\_\_\_\_, individually  
and as an officer or partner of \_\_\_\_\_  
a [ \_\_\_\_\_ corporation/partnership]

**Please sign this copy of the receipt, date your signature and return it to Structural Elements Franchising, LLC, 13214 Fountainhead Plaza, Hagerstown, Maryland 21742**