



FRANCHISE DISCLOSURE DOCUMENT

BNI Franchising, LLC
A Delaware Limited Liability Company
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You will open and operate a territory consisting of referral groups composed of non-competing business professionals known as Chapters. Each of the Chapters will have Members that are business professionals that your franchise will train and instruct as to how to grow each one's own business through qualified referrals using the structure and format provided by us. If you or your Members make referrals to broker-dealers or investment advisers, you or your Members may be subject to additional licensing requirements in certain states.

The total investment necessary to begin operation of a BNI franchise ranges from \$53,395 to \$273,145. This includes between \$45,895 and \$245,645 that must be paid to the franchisor or its affiliate(s).

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.**

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contracts 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 for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even in 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 [E].

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 us first by mediation and then by arbitration only in the State of North Carolina. Out- of-state mediation or arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or arbitrate with us in North Carolina than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
4. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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.

**ADDENDUM TO BNI FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN**

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

ADDRESS FOR NOTICES TO THE MICHIGAN ATTORNEY GENERAL:

DEPARTMENT OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
FRANCHISE SECTION
G. MENNEN WILLIAMS BUILDING, 1ST FLOOR
525 W. OTTAWA STREET
LANSING, MI 48909
517-373-7117

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

To simplify the language in this Disclosure Document, “we”, “us” or “our” refers to BNI Franchising, LLC, the franchisor. “You” means the entity who signs the franchise agreement as the franchisee. If you are a corporation or partnership, then “you” includes the owners of the corporation or partnership. Unless we specify otherwise we will use the term “Franchised Business” to refer to the business that you are operating. We are a Delaware limited liability company that was organized on November 6, 2014. We maintain our principal place of business at 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. We do business under our corporate name and under the licensed name of BNI®. We do not engage in any other business activity. Our agents for service of process are listed on Exhibit G.

BNI Franchise Corp., a California corporation formed on April 17, 1991, is our predecessor. The principal address of BNI Franchise Corp. is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. On December 8, 2014, our affiliate, BNI Holdings, LLC purchased all of the assets, franchise agreements and other business operations from BNI Franchise Corp. through an Asset Purchase Agreement dated December 8, 2014. Pursuant to a licensing agreement effective December 8, 2014, we acquired the rights to offer franchise agreements, including the right to use the BNI intellectual property. From 1991 until 2014, BNI Franchise Corp. offered franchises similar to those offered through this Disclosure Document and owned and operated several BNI® franchises. BNI Franchise Corp. does not operate any businesses other than BNI® franchises or sell franchises in other lines of business.

BNI Enterprises, Inc., a California corporation formed in November 18, 1988, is our predecessor. The principal address of BNI Enterprises, Inc. is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. Since April 17, 1991, BNI Enterprises, Inc. provided services and supplies to our franchisees to meet our obligations under the franchise agreement. BNI Enterprises, Inc. does not and has never offered any franchises in any lines of business in the United States. BNI Enterprises, Inc. does not operate any businesses similar to the BNI franchises.

Prosperity Brands, LLC, a Delaware limited liability company formed on March 25, 2019, is our ultimate parent. The principal address of Prosperity Brands, LLC is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. Prosperity Brands, LLC does not and has never offered any franchises in any lines of business in the United States. Prosperity Brands, LLC does not operate any businesses similar to the BNI franchises.

BNI Intermediate Holdings LLC, a Delaware limited liability company formed on April 23, 2019, is our affiliate and a wholly-owned subsidiary of Prosperity Brands, LLC, Our ultimate parent. The principal address of BNI Intermediate Holdings LLC is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. BNI Intermediate Holdings LLC does not and has never offered any franchises in any lines of business in the United States. BNI Intermediate Holdings LLC does not operate any businesses similar to the BNI franchises.

BNI International Holdings CTB, LLC, a Delaware limited liability company formed on April 23, 2019, is our affiliate and a wholly-owned subsidiary of BNI Intermediate Holdings, LLC. The principal address of BNI International Holdings CTB, LLC is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. BNI International Holdings CTB, LLC does not and has never offered any franchises in any lines of business in the United States. BNI International Holdings CTB, LLC does not operate any businesses similar to the BNI franchises.

BNI Holdings, LLC a Delaware limited liability company formed on November 6, 2014, is our affiliate and a wholly owned subsidiary of BNI Intermediate Holdings, LLC. The principal address of BNI Holdings, LLC is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. BNI Holdings, LLC does enter into financing arrangements pursuant to which its affiliates' assets are cross-collateralized and such financings vary from time to time. BNI Holdings, LLC does not and has never offered any franchises in any lines of business in the United States. BNI Holdings, LLC does not operate any businesses similar to the BNI franchises. LLC

BNI Global Holdings LLC a Delaware limited liability company formed on June 21, 2018, is our affiliate and a wholly-owned subsidiary of BNI Holdings LLC. The principal address of BNI Global Holdings LLC is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. BNI Global Holdings LLC does enter into financing arrangements pursuant to which its affiliates' assets are cross-collateralized and such financings vary from time to time. BNI Global Holdings LLC does not and has never offered any franchises in any lines of business in the United States. BNI Global Holdings LLC does not operate any businesses similar to the BNI franchises.

BNI Global, LLC, a Delaware limited liability company formed on November 6, 2014, is our direct parent and a wholly-owned subsidiary of BNI Global Holdings, LLC. The principal address of BNI Global, LLC is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. Since our inception, BNI Global, LLC has provided administrative support services to us and our franchisees, including but not limited to, personnel, accounting, marketing, printing and all services and materials provided to our franchisees. As of December 2014, BNI Global, LLC holds all interest in all company-owned locations. As of December 31, 2024, BNI Global, LLC operates eighty-eight (88) business networking and referral businesses in the United States. They are treated as company-owned outlets.

BNI Worldwide Development Ltd. An Irish limited liability company formed on November 18, 2014, is our affiliate. The principal address of BNI Worldwide Development Ltd. Is KOG Building, Ballinrobe Road, Castlebar, Co Mayo, Ireland, F23 FT28. BNI Worldwide Development Ltd. Does not and has never offered any franchises in any lines of business in the United States. BNI Worldwide Development Ltd. Does not operate any businesses similar to the BNI franchises in the United States.

BNI India Enterprises Private Limited, an India company formed on June 14, 2016 is our affiliate. The principal address of BNI India Enterprises Private Limited is Salarpuria Landmark, #2002, 2nd Floor, 100 feet road, Indira Nagar, HAL 2nd Stage, Bangalore, Karnataka, India 560038. BNI India Enterprises Private Limited does not and has never offered any franchises in any lines of business in the United States. BNI India Enterprises Private Limited does not operate any businesses similar to the BNI franchises in the United States.

BNI Singapore Enterprises Private Limited, a Singapore company formed on November 3, 2016 is our affiliate. The principal address of BNI Singapore Enterprises Private Limited is 2 Kallang Avenue, #08-04 CT Hub, Singapore 339407. BNI Singapore Enterprises Private Limited does not and has never offered any franchises in any lines of business in the United States. BNI Singapore Enterprises Private Limited does not operate any businesses similar to the BNI franchises in the United States.

BNI Lanka Enterprises Private Limited, a Sri Lanka company formed on January 23, 2018 is our affiliate. The principal address of BNI Lanka Enterprises Private Limited is Regus, No 33, Level 12, Park Land Building, Park Street, Colombo 00200. BNI Lanka Enterprises Private Limited does not and has never offered any franchises in any lines of business in the United States. BNI Lanka Enterprises Private Limited does not operate any businesses similar to the BNI franchises in the United States.

BNI Connect Global, LLC a Delaware limited liability company formed on November 6, 2014 is our affiliate. The principal address of BNI Connect Global, LLC is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. BNI Connect Global, LLC holds the software development rights for Our “Operating Management System”, which is our database management system and any software that we require to be used in BNI franchises, our proprietary software. BNI Connect Global, LLC does not and has never offered any franchises in any lines of business in the United States. BNI Connect Global, LLC does not operate any businesses similar to the BNI franchises.

BNI Hong Kong Enterprises (PVT) Limited, a Hong Kong limited company formed on November 28, 2017 is our affiliate. The principal address of BNI Hong Kong Enterprises (PVT) Limited is 6/F, The Annex, Central Plaza, 18 Harbour Road, Hong Kong. BNI Hong Kong Enterprises (PVT) Limited does not and has never offered any franchises in any lines of business in the United States. BNI Hong Kong Enterprises (PVT) Limited does not operate any businesses similar to the BNI franchises in the United States.

BNI Enterprise Business Network (Guangzhou) Co. Ltd., a Guangzhou limited liability company formed on February 9, 2018 is our affiliate. The principal address of BNI Enterprise Business Network (Guangzhou) Co. Ltd. is Regus Tianhe Teem Tower Centre, 15 & 16, 13F Teem Tower, 208 Tian He Road, Tian He District, Guangzhou, 510620, P.R. China. BNI Enterprise Business Network (Guangzhou) Co. Ltd. does not and has never offered any franchises in any lines of business in the United States. BNI Enterprise Business Network (Guangzhou) Co. Ltd., does not operate any businesses similar to the BNI franchises in the United States.

Business Network France, a French limited liability company formed on July 7, 2004 is our affiliate. The principal address of Business Network France is 21 rue Godot de Mauroy, Paris 9ème – 75009 Paris, France. Business Network France does not and has never offered any franchises in any lines of business in the United States. Business Network France does not operate any businesses in the United States similar to the BNI franchises.

Chapters France, a French limited liability company formed on December 19, 2000 is our affiliate. The principal address of Chapters France is 21 rue Godot de Mauroy, Paris 9ème 75009 – 75009 Paris, France. Chapters France does not and has never offered any franchises in any lines of business in the United States. Chapters France does not operate any businesses in the United States similar to the BNI franchises.

Corporate Connections Franchising, LLC, (“Corporate Connections Franchising”) a Delaware limited liability company, formed on May 16, 2017, is our affiliate. The principal address of Corporate Connections Franchising is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. Corporate Connections Franchising is a referral networking organization that is geared specifically for senior level business professionals, executives and entrepreneurs, which distinguishes it from our franchise system, which focuses on business referrals for small to medium- sized businesses. Corporate Connections Franchising currently has two franchises in the United States. Corporate Connections Franchising does not operate any businesses other than CorporateConnections® franchises or sell franchises in other lines of business.

Corporate Connections Global, LLC, (“Corporate Connections Global”) a Delaware limited liability company, formed on May 16, 2017, is our affiliate. The principal address of Corporate Connections Global is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. Corporate Connections Global does not and has never offered any franchises in any lines of business in the United States.

Corporate Connections Worldwide Development Ltd. (“Corporate Connections Worldwide”) an Irish limited liability company formed on May 4, 2017, is our affiliate. The principal address of Corporate Connections Worldwide is KOG Building, Ballinrobe Road, Castlebar, Co Mayo, Ireland, F23 FT28. Corporate Connections Worldwide does not and has never offered any franchises in any lines of business in the United States. Corporate Connections Worldwide does not operate any businesses similar to the BNI franchise in the United States.

CorpConnect Enterprises India Private Limited, an India company formed on December 5, 2017 is our affiliate. The principal address of CorpConnect Enterprises India Private Limited is Salarpuria Landmark, #2002, 2nd Floor, 100 feet road, Indira Nagar, HAL 2nd Stage, Bangalore, Karnataka, India 560038. CorpConnect Enterprises India Private Limited does not and has never offered any franchises in any lines of business in the United States. CorpConnect Enterprises India Private Limited does not operate any businesses similar to the BNI franchises in the United States.

BNI Networking & Referral Ireland Holding Limited, an Irish limited liability company formed on March 20, 2019, is our affiliate. The principal address of BNI Worldwide Development Ltd. is KOG Building, Ballinrobe Road, Castlebar, Co Mayo, Ireland, F23 FT28. BNI Networking & Referral Ireland Holding Limited does not and has never offered any franchises in any lines of business in the United States. BNI Networking & Referral Ireland Holding Limited does not operate any businesses similar to the BNI franchises in the United States.

Network Organisatie Nederland en Vlaanderen B.V., a private company with limited liability, incorporated and organized under Dutch law, is our affiliate. The principal address of Network Organisatie Nederland en Vlaanderen B.V. is John M. Keynesplein 10, 1066EP Amsterdam, the Netherlands. Network Organisatie Nederland en Vlaanderen B.V. does not and has never offered any franchises in any lines of business in the United States. Network Organisatie Nederland en Vlaanderen B.V. does not operate any businesses similar to the BNI franchises in the United States.

Network Organization Benelux Limited, a private company with limited liability, incorporated and organized under UK law, is our affiliate. The principal address of Network Organization Benelux Limited is DUO, Level 6, 280 Bishopsgate, London, EC2M 4RB, United Kingdom. Network Organization Benelux Limited does not and has never offered any franchises in any lines of business in the United States. Network Organization Benelux Limited does not operate any businesses similar to the BNI franchises in the United States.

Brec S.r.l, a private company with limited liability, incorporated and organized under Italian law, is our affiliate. The principal address of Brec S.r.l is Via Monte Rosa, 51, Milan, Italy 20149. Brec S.r.l does not and has never offered any franchises in any lines of business in the United States. Brec S.r.l does not operate any businesses similar to the BNI franchises in the United States.

Business Networking & Referrals Limited, a private company with limited liability, incorporated and organized under UK law, is our affiliate. The principal address of Business Networking & Referrals Limited is One Fleet Place, London, England, EC4M 7WS. Business Networking & Referrals Limited does not and has never offered any franchises in any lines of business in the United States. Business Networking & Referrals Limited does not operate any businesses similar to the BNI franchises in the United States.

Networking & Business Referrals Limited, a private company with limited liability, incorporated and organized under UK law, is our affiliate. The principal address of Networking & Business Referrals Limited is One Fleet Place, London, England, EC4M 7WS. Networking & Business Referrals Limited does not and has never offered any franchises in any lines of business in the United States. Networking & Business Referrals Limited does not operate any businesses similar to the BNI franchises in the United States.

BNI Canada, Inc., a corporation incorporated and organized under the laws of Quebec, Canada, is our affiliate. The principal address of BNI Canada, Inc. is 2700, Diab Street, Saint-Laurent, Quebec, H4S 1E8. BNI Canada, Inc. does not and has never offered any franchises in any lines of business in the United States. BNI Canada, Inc. does not operate any businesses similar to the BNI franchises in the United States.

Business Network Scandinavia AB, a private limited liability company organized and existing under the laws of Sweden, with its registered address at P.O. Box 162 85, SE-103 25 Stockholm, Sweden, is our affiliate. Business Network Scandinavia AB does not and has never offered any franchises in any lines of business in the United States. Business Network Scandinavia AB does not operate any businesses similar to the BNI franchises in the United States.

Forretningsnettverket BNI AS, a private limited company organized and existing under the laws of Norway, with its registered offices at Wergelandsveien 7 N-0167 Oslo, is our affiliate. Forretningsnettverket BNI AS does not and has never offered any franchises in any lines of business in the United States. Forretningsnettverket BNI AS does not operate any businesses similar to the BNI franchises in the United States.

Business Growth Network Oy, a private limited liability company organized and existing under the laws of Finland, with its principal address at Vanha Kaarelantie 33 A 01610 Vantaa, Finland, is our affiliate. Business Growth Network Oy does not and has never offered any franchises in any lines of business in the United States. Business Growth Network Oy does not operate any businesses similar to the BNI franchises in the United States.

BNI New Zealand Limited, a New Zealand limited liability company formed on February 21, 2000 is our affiliate. The principal address of BNI New Zealand Limited Ground Level 6, Hazeldean Rd, Addington, Christchurch, 8024 New Zealand. BNI New Zealand Limited does not and has never offered any franchises in any lines of business in the United States. BNI New Zealand Limited does not operate any businesses similar to the BNI franchises in the United States.

BNI Puerto Rico, Inc., a corporation formed in Puerto Rico on September 5, 2023 is our affiliate. The principal address of BNI Puerto Rico, Inc. is Metro Office Park, Metro Parque 7, Street #1, Suite 204, Guaynabo, San Juan, PR 00968, Puerto Rico. BNI Puerto Rico, Inc. does not and has never offered any franchises in any lines of business in the United States. BNI Puerto Rico, Inc.

Business Connections Co., LTD, a Vietnamese limited liability company formed on November 2, 2023 is our affiliate. The principal address of Business Connections Co., LTD is No. 87-89, Ho Ba Kien Street, Ward 15, District 10, Ho Chi Minh City, Vietnam. Business Connections Co., LTD does not and has never offered any franchises in any lines of business in the United States. Business Connections Co., LTD does not operate any businesses similar to the BNI franchises in the United States.

Business Connections Vietnam Co., LTD, a Vietnamese limited liability company formed on January

23, 2023 is our affiliate. The principal address of Business Connections Vietnam Co., LTD is No. 87-89, Ho Ba Kien Street, Ward 15, District 10, Ho Chi Minh City, Vietnam. Business Connections Vietnam Co., LTD does not and has never offered any franchises in any lines of business in the United States. Business Connections Vietnam Co., LTD does not operate any businesses similar to the BNI franchises in the United States.

Scion Social Holdings LLC, a Delaware limited liability company formed on June 25, 2020, is our affiliate and a wholly-owned subsidiary of BNI Global, LLC. The principal address of Scion Social Holdings LLC is 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277. Scion Social Holdings LLC does not and has never offered any franchises in any lines of business in the United States. Scion Social Holdings LLC does not operate any businesses similar to the BNI franchises.

Scion Social Pvt Limited, an Indian company, is our affiliated. The principal address of Scion Social Pvt Limited is 21/3, Wood street, Ashok Nagar, Bangalore, Karnataka, 560025 India. Scion Social Pvt Limited does not and has never offered any franchises in any lines of business in the United States. Scion Social Pvt Limited does not operate any businesses similar to the BNI franchises in the United States.

Scion Social Pte Ltd, a Singapore company, is our affiliated. The principal address of Scion Social Pte Ltd is 116, Middle Road, #07-01 ICB Enterprise House, Singapore (188972). Scion Social Pte Ltd does not and has never offered any franchises in any lines of business in the United States. Scion Social Pte Ltd does not operate any businesses similar to the BNI franchises in the United States.

We are in the business of granting and providing services to our franchisees consisting of the opportunity to open and operate business networking referral groups, known as a Chapter or Chapters ("Chapter" or "Chapters"), under the BNI® trade name, trademark and system of operating procedures. To become a Member ("Member") of a Chapter, a Member must pay an annual subscription fee. You will pay us a royalty based on the gross revenues you receive from the operation of your Franchised Business. Our predecessor has offered BNI® franchises since 1991 and we took over offering franchises in December 2014. Our affiliate, BNI Global, LLC, owns and operates several BNI® franchises and has done so since December 2014. We have not and do not operate any businesses other than BNI®franchises.

We will grant you the right to operate one (1) BNI® franchise to be operated within an area designated by us, in our sole discretion (the "Territory") specified in the Franchise Agreement found in this Disclosure Document as Exhibit B (the "Franchise Agreement"). The Territory shall be located within specific zip codes, or otherwise as we deem appropriate, in order to describe an area that contains a population of two hundred and fifty thousand (250,000) people or more. We may, in our sole discretion, grant you a Territory containing a population of less than 250,000 people. New franchisees will be required to sign the Franchise Agreement attached to this Disclosure Document as Exhibit B. You will develop and operate Chapters, which are composed of 25 or more non-competing businesspeople or Members, to generate qualified referrals for the other Members using our trademarks, programs and systems of operations. The Chapter Members meet weekly to engage in structured meetings during which they may exchange qualified referrals utilizing the structure and format of our program. The market for business networking is fully developed. Your competitors include businesses that primarily help provide or generate prospective sales leads or referrals for other businesses. We believe the systems and programs we provide for you will give you a distinctive service in comparison to your competition and provide you with a competitive edge in this industry.

While there are no specific national or state standards or laws regulating this business, you must

comply with all local, state and federal laws that may apply to the general operation of a business including, but not limited to labor and employment laws, tax laws, and the American with Disabilities Act. In addition, other events such as natural disasters, political insurrections or unrest, epidemics or pandemics, or acts of god may result in the imposition of certain federal, state, and/or local laws, regulations, administrative directives and/or travel advisories, any and all of which may require you to temporarily suspend your business operations or change the manner in which you conduct business as described in this disclosure document. There may be other laws applicable to your business and we urge you to make additional inquiries about these laws. Your failure to comply with and of these laws, regulations, directives, advisories, and/or policies constitutes a material breach of your Franchise Agreement. We strongly recommend that you hire an attorney to assist you in determining which laws will impact your operation of your business.

Item 2. **Business Experience**

Unless otherwise noted, all of our personnel are based in Charlotte, North Carolina.

Chief Executive Officer: Mary Kennedy Thompson

Mrs. Thompson has served as our Chief Executive Officer since July 2024 and performs her duties from Charlotte, North Carolina. Previously, she served as the Chief Operating Officer of Neighborly since August 2015.

Chief Financial Officer: Andrew Bender

Mr. Bender has served as our Chief Financial Officer since April 2025 and performs his duties from Charlotte, NC. Previously, Mr. Bender served as Chief Financial Officer at Training The Street from August 2023 to April 2025 and Chief Financial Officer at iBenefit Communication (DBA iBTR) from October 2020 to August 2023, and Senior Director of Strategy for Campbells Soup Company and Snyder's-Lance from June 2016 to September 2020.

Chief Operating Officer: David Collins

Mr. Collins has served as our Chief Operating Officer since February 2025 and performs his duties from Charlotte, NC. Previously, Mr. Collins served as Global Markets President from April 2024 to February 2025. Before that, Mr. Collins was our Global Markets President, EMEA and Americas from August 2023 to April 2024 and our Senior Vice President of Global Operations from March 2023 to August 2023. Previously, Mr. Collins served as President of Unique Realty Services LLC from April 2020 to March 2023 and as Chief Operating Officer / Senior Vice President at ERA Franchise Systems from February 2013 to April 2020.

Chief Development Officer: Michael Walchonski

Mr. Walchonski has served as our Chief Development Officer since May 2024 and performs his duties from Collegeville, PA. He was also our Chief Acquisition Officer from March 2019 to May 2024. In addition, he also served as our Interim Chief Financial Officer from October 2021 to May 2022.

Vice President Franchise Development: Adam Petersen

Mr. Petersen has served as our affiliate's Vice President of Franchise Development since January 2025 and performs his duties from Charlotte, NC. Previously, Mr. Petersen served as Vice President

of Franchise Development for Re-Bath LLC from November 2022 to January 2025. Before that, Mr. Petersen served as the Franchise Sales Manager of Ori Zaba's, a fast casual Mexican restaurant chain based in Las Vegas, Nevada, from January 2020 to November 2022. Before that, he worked as a Regional Manager for Winmark Capital Corporations from December 2014 to December 2019.

President U.S. Franchise: Lisa Renz

Mrs. Renz has served as President U.S. Franchise of our affiliate since April 2024 and performs her duties from Virginia Beach, VA. Previously, Mrs. Renz served as the U.S. National Director of Franchised Territories from January 2022 to April 2024, Director of U.S CORE Field Performance from September 2021 to December 2021, and Regional Director for our CORE Northeast Region from April 2021 to August 2021, all in Virginia Beach, VA. Mrs. Renz was a BNI Executive Director from April 2006 to April 2021.

Item 3. **Litigation**

Pending litigation.

BNI Franchising, LLC and BNI Global, LLC v. Network In Action Intl., LLC, No. 4:24-cv-03126 (S.D. Tex. filed August 22, 2024). We and our affiliate filed suit against Network In Action for tortious interference with contract, violations of the Defend Trade Secrets Act, violations of the Texas Uniform Trade Secrets Act and Federal trademark infringement. On December 23, 2024, defendants filed counterclaims alleging monopolization and attempted monopolization under the Sherman Antitrust Act, unfair competition under Texas Law, and monopolization or attempted monopolization under the Texas Antitrust Act. We intend to file a motion to dismiss all counterclaims. A trial is not yet scheduled.

Previous litigation.

Nirupam S. Patel v. BNI Worldwide Development Limited and BNI Global Franchise Corporation Limited; BNI Global Franchise Corporation Limited v. Nirupam S. Patel, Niraj Shah, and BNI Training Services Private, LTD, International Centre for Dispute Resolution Case No. 01-16-0002-8101, filed July 11, 2016.

On July 11, 2016, Nirupam S. Patel filed an arbitration demand with the International Centre for Dispute Resolution ("ICDR") against BNI Worldwide Development Limited ("BNI") and BNI Global Franchise Corporation Limited claiming that BNI breached four master franchise agreements when BNI declined to renew those master franchise agreements in accordance with their terms. Patel also claimed that BNI breached the implied covenant of good faith and fair dealing when it declined to renew Patel's master franchise agreements. BNI Worldwide Development Limited responded by denying the allegations and filing a counterclaim and a third-party claim against Patel and his former co-master franchisees in India, Niraj Shah and their entity, BNI Training Services Private, Ltd., for breach of contract based on their failure to comply with their post-term obligations under the master franchise agreements, including but not limited to providing to BNI all documents and records required to be transferred upon expiration and paying all amounts due. Shah and BNI Training appeared and filed counterclaims against BNI for breach of contract, violation of the covenant of good faith and fair dealing, fraud, violation of the North Carolina Unfair and Deceptive Trade Practices Act, and promissory estoppel, all based on the allegation that BNI wrongfully failed to renew the master franchise agreements.

The parties engaged in mediation and successfully resolved the matter. To aid in the resolution, BNI retained an expert accountant to conduct an independent valuation of the master franchise. He determined that the fair market value of the business at the time of non-renewal was \$3.8 million. Accordingly, BNI paid Patel and Shah \$1.9 million each for their respective interests. The parties then dismissed the arbitration and the matter is closed.

BNI Training Services Pvt. Ltd. and Niraj Shah v. BNI Worldwide Development Ltd., Mahesh Srinivasan, Murali Srinivasan, and Nirupam Patel; High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction, Suit No. 752 of 2016.

BNI Training Services Private Ltd. and Niraj Shah (collectively, "Shah") filed suit against BNI Worldwide Development Ltd. ("BNI"), two individuals currently acting as master franchisees in India, and Nirupam Patel in the High Court of Judicature at Bombay, India, No. 752 of 2016. Shah and Patel were formerly Master Franchisees for BNI in India. The complaint was filed with the court on February 16, 2016. The complaint alleged that BNI wrongfully failed to renew the Master Franchise Agreements. Shah sought a declaration that BNI be estopped from carrying on any business in India except by Shah and an order directing BNI to execute a new Master Franchise Agreement with Shah. Alternatively, Shah sought damages of 4,214,914,710 Indian rupees. BNI denied all allegations and filed a motion to dismiss based on the mandatory arbitration clause in the Master Franchise Agreements. Shah thereafter moved to withdraw the suit, and the Court issued an Order on September 6, 2017, declaring that the suit was disposed as withdrawn.

David Alexander et al. v. BNI Franchising, LLC, et al.; Case No. BC638105, Superior Court of the State of California for the County of Los Angeles, filed October 19, 2016.

On October 19, 2016, David Alexander, Kimberly Alexander, Randy Borden, Vivian Borden, Jana Cardona, Mark Taylor, J.R. Chick Gallagher, Karen Gallagher, Michael Gallagher, Dana Gallagher, Clay Morgan, Kathy Morgan, Reed Morgan, Dan Rawls, Patricia Salvucci, Scott Simon, Teresa Simon and Shelli Howlett ("Plaintiffs") filed a complaint against BNI Franchising, LLC, BNI Franchise Corp., Ivan Misner, and Graham Weihmiller ("Defendants"). The Plaintiffs alleged six causes of action against all or some of the defendants. Claims included (1) wrongful non-renewal of certain franchise agreements against BNI; (2) breach of the implied covenant of good faith and fair dealing against BNI; (3) violation of the California Franchise Relations Act against BNI; (4) violation of California Franchise Investment Law and injunctive relief against all Defendants; (5) violation of California Franchise Investment Law related to BNI's October 17, 2016 FDD against BNI and Weihmiller; and (6) violation of the North Carolina Unfair Trade Practices Act against BNI and BNI Corp. After suit was filed, all parties negotiated a settlement that calls for (a) the plaintiffs to sign BNI's current franchise agreement, which has been modified since the time they filed their action based upon discussions among the parties and (b) the Plaintiffs to sign releases. Plaintiffs voluntarily dismissed their lawsuit during the course of negotiations.

Andrew Hall; Jihong Hall; BNI China, Ltd.; BNI South, Ltd.; and BNI, Ltd. v. BNI Worldwide Development, Ltd., Case No. 01-17-0006-0879 (International Centre for Dispute Resolution ("ICDR")).

On or about October 10, 2017, claimants filed an arbitration demand against BNI Worldwide Development, Ltd., seeking a declaration that they had a right to renew two master franchise agreements they had entered with BNI Worldwide Development, Ltd.'s predecessor, as well as asserting claims for breach of the master franchise agreements and violation of the California Franchise Relations Act's provisions regarding renewal of franchise agreements. Claimants sought a declaration that they were entitled to renewal of the master franchise agreements; specific

performance for renewal of the master franchise agreements, or, in the alternative, actual and consequential damages; and costs, disbursements, and attorneys' fees. On October 13, 2017, BNI Worldwide Development, Ltd. filed a preliminary answer denying claimants' allegations and a counterclaim against Andrew Hall and Jihong Hall (the "Halls"), asserting a claim for breach of the master franchise agreement for China based upon the Halls obtaining registrations of the BNI trademark in China and failing to transfer such registration to BNI Worldwide Development, Ltd. as required by the master franchise agreement. The counterclaim sought a temporary and preliminary injunction requiring the Halls to immediately enter a license agreement for the BNI trademark in China, requiring the Halls to cooperate in promptly transferring the trademark to BNI Worldwide Development, Ltd., and requiring the Halls to immediately cease all use of the BNI trademarks and to return all materials containing the BNI trademarks, as well as an award of costs and attorneys' fees. On the same date, BNI Worldwide Development, Ltd. also filed an emergency motion for injunctive relief seeking the same relief sought in the counterclaim. Claimants then filed an emergency motion seeking to nullify the expiration and nonrenewal of their master franchise agreements. Arbitration proceedings were stayed by mutual agreement while the parties engaged in settlement negotiations. On October 29, 2017, the parties executed a settlement term sheet, which was memorialized in formal settlement documents effective November 30, 2017. Pursuant to the terms of the settlement: the Halls entered a license agreement for the BNI trademark in China and agreed to take all steps necessary to formally transfer the BNI trademark to BNI Worldwide Development, Ltd.; BNI acquired all master franchise rights to the territory of China for \$680,000; and the Halls were provided until July 1, 2018 to transfer the master franchise rights for Taiwan, Hong Kong, and Macau to an approved purchaser, or to sell any such rights not transferred by July 1, 2018 to BNI Worldwide Development, Ltd. for \$1,470,000, less any amounts received by the Halls for any territories transferred. On December 5, 2017, the ICDR formally closed its file on this matter.

Other than these actions, no litigation is required to be disclosed in this Item.

Item 4. **Bankruptcy**

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

Item 5. **Initial Fees**

Initial Franchise Fee

You must pay us an Initial Franchise Fee of (the "Initial Franchise Fee"), upon execution of your Franchise Agreement. The Initial Franchise Fee shall be calculated using the total population in your Territory, according to the following formula: \$35,000 for up to two hundred and fifty thousand (250,000) people in your Territory, plus \$150 per each one thousand (1,000) people over 250,000.

Example 1: If you purchase a Franchised Business with a population of 300,000, your Initial Franchise Fee would be \$42,500 (\$35,000) + [(300,000 – 250,000)/1000 x \$150 = \$7,500].

Example 2: If you purchase a Franchised Business with a population of 200,000, your Initial Franchise Fee would be \$35,000.

Training Fee

You will be assessed a Training Fee ("Training Fee"). The Training Fee shall include \$1,800 per individual for the Executive Director Training ("Executive Director Training"), \$900 per individual for the Support Director Consultant Orientation ("Support Director Consultant Orientation"), and \$900 per

individual for the Launch Director Consultant Orientation (“Launch Director Consultant Orientation”). You will need to complete all three (3) training programs to our satisfaction, before opening any new Chapter(s), for a total cost of \$3,600 per individual. A greater Training Fee will be charged for any additional individuals attending training. *Example:* The total Training Fee for one (1) Executive Director Training, one (1) Launch Director Consultant Orientation, and three (3) Support Director Consultant Orientations, would be \$5,400.

If you and one other individual attend all three (3) programs, the total cost will be \$7,200. A second Executive Director (“Executive Director”) is optional. As such, this scenario and the corresponding fee amount is not included in our estimated costs.

Initial Supplies

You must purchase initial supplies for your Franchise either from us or our authorized supplier for a total cost of between \$7,200 and \$8,400. The exact cost will primarily depend on the number of Members in your Franchise. You are responsible for shipping and handling costs.

Video Conferencing License

You must purchase Zoom video conferencing license(s) (or the then-currently required video conferencing software) to provide Chapters with an alternative to in-person Chapter meetings when in-person meetings are not possible. You can sign up for the enterprise account with Zoom for ninety-five dollars (\$95) or the then most current cost per license, which you pay directly to us and which shall renew annually in March unless otherwise noted. Should you require more than one license, the costs will be multiplied accordingly. Where you have multiple Chapters that meet on the same day with overlapping times, multiple licenses will be needed as BNI strongly recommends that each Chapter utilize their own BNI Zoom license. Your Zoom license can only be used by one user at a time and as a result, we anticipate that you will need multiple licenses in order to support your BNI Online or BNI Hybrid Chapters. *Example:* a franchisee with 51 Chapters, would pay a total of \$4,845 (51 Chapters x \$95 = \$4,845).

Membership Valuation Fee

If there are pre-existing Members within the Territory we grant to you, you will pay us a Membership Valuation Fee (“Membership Valuation Fee”). The Membership Valuation Fee, if applicable, shall be due upon signing of the Franchise Agreement and is deemed fully earned by us, and non-refundable in whole or in part under any circumstances. The Membership Valuation Fee shall be calculated as follows: (Number of existing Members in territory) x (the retention percentage) x (the membership fee).

Unless otherwise specified, each of the aforementioned initial fees are due upon signing of the Franchise Agreement and are deemed fully earned by us and are non-refundable in whole or in part under any circumstances.

Referral Fee

If after you have become a BNI franchisee, you complete and send us a referral form which clearly identifies you as the party making the referral, and you refer to us a prospective franchisee for a BNI franchise (not as a part of a transfer), and your referred individual actually purchases a BNI franchise (and pays our initial franchise fees), we may (and we reserve the right to or not to, at our discretion) provide you with a Referral Fee (“Referral Fee”) according to the table below. The referral

must be sent to us in writing and the prospective franchisee must not be previously known or solicited by us. We may implement, end or change this policy, and/or impose additional rules or conditions, in our reasonable business judgment. You are strictly prohibited from any involvement in the franchise solicitation, offering or sales process. You are simply passing along to us the name of an individual that you know, who may be interested in acquiring a new BNI franchise.

Referred Individuals Who Acquire a New BNI Franchise	Referral Fee
1 st	\$2,500
2 nd	\$3,000
3 rd	\$3,500
4 th	\$4,000
5 th	\$4,500
6 th (and above)	\$5,000

Item 6.
Other Fees

(Column 1) Type of fee	(Column 2) Amount (See Note 1)	(Column 3) Due Date	(Column 4) Remarks
Continuing Royalty	20% of the previous month's gross revenues for your franchise as outlined and subject to the conditions set out in Note 2 below.	On or before the 15 th day of each month	(See Note 1)
Out of Territory Continuing Royalty	20% of gross revenues	On or before the 15 th day of each month	This fee applies to all gross sales generated by the Franchised Business in servicing Chapters in TAFS (defined below) (See Note 2)
Member Success Kit Fee	Then current-fee, currently \$20 per kit	As incurred	You must purchase from us, or our authorized supplier, all kits required for new Members as determined by us.
Chapter Branding Kit Fee	Then-current fee, currently \$499 per kit	As incurred	All BNI Chapters are required utilize a Chapter Branding Kit as determined by us. You must purchase from us, or our authorized supplier, all kits required for new Chapters as determined by us.
Indemnification	Will vary depending upon loss	On demand	You must indemnify us if we incur losses arising out of the operation of your business.
Fee for our Audit of your Franchise for the Franchise Agreement	Cost of audit if you understated gross revenues by more than 2% and any unpaid fees owed to us	Within 7 days of being invoiced by Us	You must pay any unpaid fees and the costs of the audit if you understated gross sales by more than 2%.

Application Fee	\$360	Prior to the transfer	You must pay this fee to us with your application of approval for a transfer.
Renewal Fee	25% of the Initial Franchise Fee calculated for your Territory. For purposes of clarity, the Renewal Fee will be 25% of the Initial Franchise Fee paid by you, upon signing the Franchise Agreement.	Prior to renewal	You must pay this fee to us when you renew your Franchise Agreement.
Transfer Fee	5% of the sales price (inclusive of any non-cash consideration using market valuation) or 25% of the then- current Initial Franchise Fee, whichever is greater	Prior to the transfer	You must pay this fee to us when your franchise is sold
Assignment Fee for the Franchise Agreement	\$600	Prior to the assignment	(See Note 3)
Support Services Brand Compliance Fee for the Franchise Agreement	\$720 per month	On demand, until default is cured	Only assessed if you do not comply with the requirements we establish for the operation of your franchise.
Late Fee	Upon being late, 3% of the outstanding amount, or the maximum allowed by law, whichever is more	On demand	Applies to any fee owed under the Franchise Agreement that is late.
Interest for the Franchise Agreement	1.5% per month or the maximum allowed by law, whichever is more, on any balance unpaid by more than 30 days	On demand	Payable on all amounts overdue by more than 30 days.
Administrative Processing Fee for the Franchise Agreement	\$600	Prior to approval of a Temporary Manager	You must pay this fee for us to consider approval of a Temporary Manager to temporarily operate the franchise if you become disabled or deceased.
Research and Development ("R&D") Contribution	Then-current contribution, currently, \$36 annually per every new and renewing Member	On or before the 15 th day of the month following such Member's joining or renewing.	(See Note 4)
Video Conferencing License	\$95 per license	Annually	(See Note 5)
Training Fee	Then-current fee, currently \$1,800 per person for Executive Director Training, \$900 per person for Support Director Consultant	Prior to opening your business	

	Orientation, and \$900 per person for Launch Director Consultant Orientation		
Optional Customer Relationship Management License	\$399-999 per license per year	On demand	(See Note 6)
Annual National Conference	\$599-\$1,499	Annually	(See Note 7)
Annual National Conference Non-Attendance Fee	\$599-\$1,499	On demand	(See Note 7)
Periodic ED Summit	\$0-\$499	On demand	(See Note 7)
ED Summit Non-Attendance Fee	\$0-\$499	On demand	(See Note 7)
Global Convention	\$899-\$1199	Biennially	(See Note 7)
Global Convention Non-Attendance Fee	\$899-1199	On demand	(See Note 7)
Member Success Center Program	Currently zero. Will vary by location if introduced	Upon BNI introducing such program	(See Note 8)
Minimum Annual Royalty Fee	Varies by location	Payable by January 31 st of the following calendar year, but only if your Continuing Royalty payments for the preceding calendar year are less than the Continuing Royalty Annual Target (the "Annual CR Target"). The Minimum Annual Royalty Fee, if applicable, will vary based upon the market, the performance of other franchisees and the Annual CR Target calculation	(See Note 9)

Notes:

1. All fees are imposed by us and are payable to us unless we tell you otherwise. All fees are non-refundable. All fees must be paid via ACH or in any other form that we may require. Business checks are not accepted method of payment. All fees imposed by us are uniformly imposed on all franchisees subject to the offering in this Disclosure Document; however, we reserve the right to waive or reduce any such fees as circumstances warrant, and in the past, we have reduced royalties for certain existing franchisees who met certain performance goals as part of an incentive program. The term "Gross Revenues" is defined in the Franchise Agreement and means all sums received or receivable by you in and from the operation of your franchise, including but not limited to fees paid by Members called application and participation fees (or other fees that may be added in the future), including any applicable associated late fees. Gross Revenues shall include any applicable Core Group Application Fees but shall not include any R&D Contribution. "Core Group" means a group of membership applicants that have been accepted as potential members and allowed to participate in a group while such group is working to qualify as a Chapter. "Core Group Application Fees" means the then-current application fee for membership plus any other fees associated with the Core Group (exclusive of membership dues). You must pay us a Continuing Royalty in the amount of 20% of the prior month's Gross Revenues. We must receive your payment of the Continuing Royalty on or before the 15th of each month. The Franchise Agreement requires that you pay by electronic funds transfer or in any other form that we may require. Business checks are not accepted method of payment.

2. If we grant you the right, in our sole discretion, to service Chapters outside the Territory that are not serviced by another franchisee (we consider any such Chapter as being located in a "Territory available for Sale" or "TAFS") you must comply with all of the conditions and other requirements that we may from time to time specify (in the operations manuals or otherwise in writing) with respect to such activities. You shall pay us, in addition to the Continuing Royalty and any other fees due to us, Out of Territory Continuing Royalty ("OOT Continuing Royalty") in the amount of 20% of the prior month's Gross Revenues received or receivable by you in and from servicing Chapters located in TAFS.

3. Under the Franchise Agreement, you must pay this fee to us when you assign your franchise to any non-individually owned entity that you own 100% of the voting stock or, if the ownership of your franchise consists of more than one individual, then each individual must have the same proportionate ownership interest in the non-individually owned entity as that individual had in the franchise prior to the assignment.

4. This fee is paid by you to us to help support our efforts in, among other things, (i) updating and enhancing our Operating Management System, (ii) creating new technology-related, value-added Franchisee and/or member focused programs, (iii) developing and launching new marketing-related technology-based programs and activities, such as marketing automation, and (iv) maintaining the foregoing by way of an operating expense. Nothing shall preclude us from separately developing other programs with our separately derived consideration even if such programs overlap with or could be deemed to fall within the scope of programs that might otherwise be supported by the R&D Contribution. You shall pay us, or a third party designated by us, a monthly continuing Research & Development Contribution as defined in Article 1 of the Franchise Agreement, in the then-current amount, currently in the amount of \$36 per every new and renewing Member per year paid in the month following such member's joining or renewing, respectively ("R&D Contribution"). We reserve the right to increase the R&D Contribution amount every 2 years from the date of last increase regardless of when you signed your Franchise Agreement and may do so upon a 60-day

notice to you.

5. BNI has developed two new meeting formats BNI Online® and BNI Hybrid. BNI Online® is a virtual online tool to serve as an alternative to in-person Chapter meetings when in-person meetings are not possible and has now become one of our permanent options for meetings. The program consists of a virtual online meeting platform, a meeting manual/agenda/script, and a customized PowerPoint deck. BNI Online® Chapters are Chapters that meet permanently online using video conferencing software each week. BNI Hybrid Chapters are Chapters that meet the first week in person and the remaining weeks online. BNI may change the schedule of in-person and online meeting cadences for Hybrid Chapters in the future. BNI may, in its sole discretion, modify or require you to resume face-to-face meetings at any time, upon written notice to the franchise system, without an individual written notice to each franchisee.

You must use Zoom Video Conferencing, or the then-currently required video conferencing software, to meet your digital connectivity needs. You can sign up for the enterprise account with Zoom for Ninety-five Dollars (\$95) or the then most current cost per license, which you pay directly to us and which shall renew annually in March unless otherwise noted. Should you require more than one license, the costs will be multiplied accordingly. Where you have multiple Chapters that meet on the same day with overlapping times, multiple licenses will be needed as BNI strongly recommends that each Chapter utilize their own BNI Zoom license. Your Zoom license can only be used by one user at a time and as a result, we anticipate that you will need multiple licenses in order to support your BNI Online® or BNI Hybrid Chapters. This price is subject to change at any time and without prior notice. You must agree in writing to Zoom's terms and conditions (available at <https://www.zoom.us/terms>). BNI reserves the right to change the third-party video conferencing provider or add an additional third-party video conferencing provider at any time and in its sole discretion with prior notice to you.

6. We may require you to use a customer relationship management system ("CRM") in order to better organize your Members or local marketing efforts. Currently, our CRM provider is Creatio ("Creatio"), we offer Creatio licenses for purchase and participation is voluntary. However, we reserve the right to make Creatio mandatory. You are required to use the company or organization that is approved by us. You will pay us our cost in using such CRM system or we may require you to pay for the CRM service directly to the provider. We may change the CRM provider upon notice to you, but we will not change such provider more than one time each year during the Term of your Agreement with us. This fee will be in addition to the R&D Contribution and Video Conferencing License.

7. You must attend at least one (1) conference for Directors ("National Conference") in its entirety each year organized by us at a location determined by us. If the National Conference is offered in person, then you must attend in person. You must bear all expenses incurred in connection with attendance of the Global Convention, including registration fees and travel, lodging, and other associated expenses. You are expected to attend and fully participate in the National Conference. Full participation is defined as attending all general sessions and no fewer than 80% of breakout sessions and/or trainings. If you fail to attend the mandatory conference each year, you must pay a conference non-attendance fee to us, which will be equal to the cost of the registration ticket, within thirty (30) days of conclusion of the conference. Payment of the National Conference non-attendance fee does not absolve you from potential default for non-compliance with this requirement.

You must attend one (1) ED Summit ("ED Summit") each year organized by us at a location

determined by us. If the ED Summit is offered in person, then you must attend in person. At our discretion we may waive the attendance fee for any of the attendees if we believe that there is a good business reason to do so. If you fail to attend the mandatory annual ED Summit, you must pay the corresponding ED Summit non-attendance fee to us, which will be equal to the cost of the registration ticket, within thirty (30) days of conclusion of the ED Summit. Payment of the ED Summit non-attendance fee does not absolve you from potential default for non-compliance with this requirement.

You must attend our Global Convention organized by us at a location determined by us ("Global Convention") in its entirety at least twice during the term of the Franchise Agreement. If the Global Convention is offered in person, then you must attend in person. You must bear all expenses incurred in connection with attendance of the Global Convention, including registration fees and travel, lodging, and other associated expenses. You are expected to attend and fully participate in the Global Convention. Full participation is defined as attending all general sessions and no fewer than 80% of breakout sessions and/or trainings. If you fail to attend the mandatory Global Convention at least once every 24 months, you must pay a convention non-attendance fee to us, which will be equal to the cost of the registration ticket, within thirty (30) days of conclusion of the convention. Payment of the Global Convention non-attendance fee does not absolve you from potential default for non-compliance with this requirement.

8. We reserve the right to establish a call center dedicated to supporting Members and/or providing other customer service functions ("Member Success Center" or "MSC"). We reserve the right, in our sole discretion, to require you to utilize the BNI Member Success Center for your benefit, the benefit of Members, and the BNI brand generally, as set forth by our standards and requirements. If we require you to utilize the MSC, then you will be responsible for the payment of any costs associated with services provided to you in connection with the MSC.

9. If applicable, you must pay the amount of money necessary to bring your total Continuing Royalty payments for the preceding calendar year, up to the Annual CR Target amount. We will calculate the Minimum Annual Royalty Fee, if applicable, once per year following the end of the calendar year.

Item 7.
Estimated Initial Investment

<u>YOUR ESTIMATED INITIAL INVESTMENT</u>					
(Column 1) TYPE OF EXPENDITURE¹	(Column 2) AMOUNT		(Column 3) METHOD OF PAYMENT	(Column 4) WHEN DUE	(Column 5) TO WHOM PAYMENT IS TO BE MADE
	Lowest Estimated Amount	Highest Estimated Amount			
Initial Franchise Fee (See Note 2)	\$35,000	\$147,500	Lump Sum	At signing of Franchise Agreement	Us

Orientation and Travel Expenses (See Note 3)	\$2,000	\$4,000	As incurred	Prior to traveling to training	Independent Vendors
Training Fees (See note 4)	\$3,600	\$5,400	As incurred	Prior to attending training	Us
Supplies, Equipment and Software (See Note 5)	\$7,200	\$8,400	As incurred	Before opening	Us or Our Affiliate
Video Conferencing License (See Note 6)	\$95	\$4,845	As incurred	(See Note 6)	Us
Professional Fees (See Note 7)	\$2,000	\$10,000	As incurred	Before opening	Independent Vendors
Computer System	\$500	\$1,500	As incurred	Before opening	Independent Vendors
Advertising Expenses	\$500	\$1,000	As incurred	As Incurred	Independent Vendors
Deposits	\$500	\$1,000	As incurred	Before opening	Independent Vendors
Insurance (See Note 8)	\$1,000	\$5,000	As incurred	Before opening	Independent Carrier
Additional Funds – 3 Months (See Note 9)	\$1,000	\$5,000	As incurred	Before opening	Various
Membership Valuation Fee (See Note 10)	\$0	\$79,500	Lump Sum	At Signing of Franchise Agreement	Franchisor
Total (See Note 11)	\$53,395	\$273,145			

Notes:

1. Payments to us (or to an affiliate) are not refundable. Payments made to third party vendors are subject to the terms and conditions of those vendors. We do not provide any direct or indirect financing for the initial fee, other fees or other costs paid to us or to third parties.
2. See Item 5 for the formula used to calculate your Initial Franchise Fee. The Initial Franchise Fee is charged per Territory. If the Territory assigned to you includes a population of up to 250,000 people, the Initial Franchise Fee shall be \$35,000. As described in this table, the high end of the estimated range assumes a Territory with a population of 1,000,000 $[(\$35,000) + (1,000,000 - 250,000/1000 \times \$150) = \$147,500]$. The Initial Franchise Fee is payable in one lump sum. You must pay the total amount of the Initial Franchise Fee upon the signing of the Franchise Agreement. You are required to pay the Initial Franchise Fee by electronic funds transfer or in any other form that we may require, payable to us. Business checks are not accepted method of payment.
3. You should allow at least \$2,000 per person for travel, lodging, food and other miscellaneous living expenses incurred during the Executive Director Training. Your actual cost will vary, depending on the distance to be traveled, your method of travel, and your personal circumstances.

4. You are required to attend our mandatory five (5) day minimum (it can be longer or shorter if BNI so approves) Executive Director Training at a time we designate . Under the Franchise Agreement, you are required to pay us \$1,800 for you and \$1,800 for each individual that you have attend the Executive Director Training, \$900 for you and \$900 for each individual that you have attend the Support Director Consultant Orientation, and \$900 for you and \$900 for each individual that you have attend the Launch Director Consultant Orientation, all of which are part of our required training. For purposes of estimating training, the lowest estimated amount includes one Executive Director Training, one Support Director Consultant Orientation, and one Launch Director Consultant Orientation; and the highest estimated amount includes one Executive Director Training, one Launch Director Consultant Orientation, and three Support Director Consultant Orientations. If you are an Executive Director and have successfully completed our Support Director Consultant Orientation and Launch Director Consultant Orientation in the past 24 months and paid the training fee, then you can attend the Support Director Consultant Orientation for a reduced fee of \$450. Orientation will be held at BNI's headquarters in Charlotte, North Carolina, or at a location approved by BNI, or virtually. Your expenses and your personnel's expenses incident to attendance at all required training programs, including travel, lodging, meals, transportation, and other incidental expenses, shall be paid by you. You may be required to pay for any additional training programs provided by us.
5. Upon the execution of your Franchise Agreement, you must purchase from us or our affiliates or an authorized provider, initial supplies, materials and software licenses required for the operation of your franchise. These payments are not refundable.
6. The highest estimated amount is calculated based on the number of Chapters in our largest franchisee-owned territory, multiplied by the Zoom Video Conferencing rate of \$95 per license. The largest franchisee-owned territory in our system currently has 51 Chapters. If your Territory has more Chapters, your video conferencing license fee may be higher than our highest estimated amount. You must use Zoom or then current video conferencing software in order to help facilitate BNI Online® and BNI Hybrid Chapter meetings and to ensure all Members have the same great online experience worldwide. BNI has worked with Zoom Video Conferencing to negotiate a preferred rate to meet your digital connectivity needs. Through BNI, you can sign up for the enterprise account with Zoom for Ninety-Five Dollars (\$95) per license, which you pay directly to us and which shall renew annually in March. Should you require more than one license, the costs will be multiplied accordingly.
7. Includes incorporation fees, accounting fees, and other professional fees that may arise in Setting up your BNI business.
8. You will need to purchase and maintain in effect at all times during the term of the Agreement a policy or policies of insurance, naming us as an additional insured on the face of each policy, for (1) bodily and personal injury, death, property damage, personal and advertising injury, products liability and contractual liability in the amount of \$2,000,000 per occurrence, and (2) data breach, data security and cyber liability in the amount of \$1,000,000 per occurrence. You must also purchase any other insurance as required by law. The amounts in this section refer to your first year's premiums for the enumerated policies.
9. We recommend that you have additional funds available during the start-up phase of your franchise. These amounts are our estimates of the amount needed to cover your expenses for a three (3) month period from the date you open for business. We expect that you will work from a home office, but if you choose to work from a commercial space you will incur

additional costs for real estate expenses, which may vary based on the real estate market of your location. These figures are only estimates. We cannot assure you that you will not have additional expenses starting your franchise. We based these cost estimates on our experience with opening our franchises, assisting BNI franchisees in the opening of BNI franchises and over 26 years of experience working with BNI franchises.

10. You may incur an additional fee if the Territory granted to you has existing Members. Included here is an estimated range of the Membership Valuation Fee you might incur. If the Territory granted to you contains zero (0) pre-existing Members, we will not charge a Membership Valuation Fee. As described in this table, the high end of the estimated range assumes a Territory with 150 pre-existing Members, a 50% retention percentage and a membership fee of \$1,060 ($150 \times 50\% \times \$1,060 = \$79,500$). The Membership Valuation Fee, if applicable, shall be due upon signing of the Franchise Agreement and is deemed fully earned by us, and non-refundable in whole or in part under any circumstances. The high end of the estimated range is based on our estimate of national average costs, our estimate of national average retention percentage, market conditions prevailing as of the issuance date of this disclosure document, and our affiliates' experience operating company-owned outlets.
11. The estimates in this table are based on our estimate of national average costs and market conditions prevailing as of the issuance date of this disclosure document. We have based these estimates on the experiences of our affiliates and franchisees in developing BNI franchises. These are only estimates and your costs and, the range of those costs, may vary. These estimates do not include interest and financing charges that you may incur, and they do not include management level compensation payable to you or your owners. We do not guarantee that you will not have additional expenses. We strongly recommend that you review the figures and estimates in Items 6 and 7 carefully with a business advisor before you sign the Franchise Agreement.

Item 8. **Restrictions on Sources of Products and Services**

You must purchase initial supplies (membership applications, member packets, training materials and other Chapter materials) from the list of items in Exhibit B of the Franchise Agreement, including the Operating Management System, from us, our affiliate or another authorized supplier prior to the opening of your franchise, unless the franchise you purchase already has an operating Chapter and sufficient supplies and materials to operate the franchise. You must license and use the Operating Management System in the operation of each Chapter. You must purchase additional supplies from us as you need them in the operation of your franchise. We allow you to use other suppliers to provide many of our supplies and materials as long as we approve the alternative supplier in writing (as described in the procedure below) and these supplies and materials meet our branding standards as provided at www.bnibranding.com/director-materials. Upon your request, we will provide you with the criteria we use for approving suppliers. We will receive revenue from franchisees' purchases of these supplies based on an increase to their costs of producing these supplies and the proprietary value assessed to these supplies.

You must purchase a computer from an independent vendor with the capabilities of utilizing our operating software for the operation of your franchise. We do not receive any revenue from your purchase of a computer.

We may require you to use a customer relationship management system ("CRM") in order to better organize your Members or local marketing efforts. Participation is optional; however, we reserve the right to make use of the CRM mandatory. You are required to use the company or organization that is approved by us. You will pay us our cost in using such CRM system or we may require you to pay for the CRM service directly to the provider. We may change the CRM provider upon notice to you, but we will not change such provider more than one time each year during the Term of your Agreement with us. This fee will be in addition to the R&D Contribution and Video Conferencing License.

If you wish to purchase any of the required materials described above from an alternative supplier, you must first submit an electronic or written request to us requesting permission to do so. We do not require a fee for you to make such a request. Upon your request, we may require that you send us samples of the materials you wish to purchase from the alternative supplier. The materials must meet our branding standards and properly use the BNI trademarks, which are the only criteria we consider when reviewing your request. We will approve or deny your request within seven (7) business days after we receive it. If we discover that an item you have purchased from an alternative supplier does not meet our branding standards, we will send you an electronic notification, upon which you must immediately cease using such item(s).

Other than Us and Our affiliates, none of our officers own any interest in any supplier.

We do not have any purchasing or distribution cooperatives. We have not negotiated any purchase arrangements with any suppliers for the benefit of the franchisees. We do not provide any material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of any particular suppliers.

In the fiscal year ending December 31, 2024, BNI Global, LLC derived \$12,438.02 in revenue from the sale of required supplies and materials to franchisees by way of a rebate following sales effected through a third-party vendor. In the fiscal year ending December 31, 2024, BNI Connect Global, LLC derived \$1,480,848.00 from the sale of required software and related services to franchisees. Other than BNI Global, LLC and BNI Connect Global, LLC, we and our affiliates did not derive any revenue from the sale of required supplies and materials to franchisees.

Your estimated proportion of all required purchases and leases to all of your purchases and leases necessary to establish and operate your franchise is 1% to 5%.

You must obtain and, at all times during the term of your Franchise Agreement, maintain in full force and effect, a commercial general liability policy providing coverage for any and all claims including (1) bodily and personal injury, death, property damage, personal and advertising injury, products liability, contractual liability (including coverage for the indemnification) in the amount of \$2,000,000 per occurrence, (2) data breach, data security, cyber liability and other electronic network losses in conjunction with the conduct of the BNI Franchise in the amount of \$1,000,000 per occurrence, and (3) other coverage required by law in conjunction with the conduct of the BNI Franchise. Such insurance coverage must be maintained under one or more policies of insurance issued by an insurance carrier or carriers acceptable to us. The policies shall provide coverage with combined single limits of not less than Two Million Dollars (\$2,000,000) per occurrence (One Million Dollars (\$1,000,000) for data breach, date security and cyber liability), or in such other amounts or coverage as we may periodically require. You must name us and our affiliates as additional insureds on all policies. We may require, at any time, on reasonable prior notice to you, different or additional kinds of insurance.

Item 9.
Franchisee's Obligations

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/leases	Section 4	Item 7
c. Site development and other pre-opening requirements	Not applicable	Not applicable
d. Initial and ongoing training	Sections 4 and 5	Item 11
e. Opening	Section 5	Item 11
f. Fees	Sections 4, 6, 15, 17 and 19	Items 5, 6 and 7
g. Compliance with standards and policies/ Operating Manual	Section 6	Item 11
h. Trademarks and proprietary information	Sections 6 and 11	Items 13 and 14
i. Restrictions on products/services offered	Section 6	Items 8 and 16
j. Warranty and customer service requirements	Section 7	Not Applicable
k. Territorial development and sales quotas	Section 4	Not Applicable
l. Ongoing product/service purchases	Section 6	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Section 3	Item 17
n. Insurance	Section 13	Item 7
o. Advertising	Sections 6, 8, 9 and 11	Items 7, 11, 12 and 16
p. Indemnification	Section 13	Items 6, 13 and 14
q. Owner's participation/management/staffing	Section 6	Item 15
r. Records and reports	Sections 6, 7 and 10	Item 11
s. Inspections and audits	Sections 6 and 10	Item 6
t. Transfer	Section 15	Item 17
u. Renewal	Section 3.3	Item 17
v. Post-termination obligations	Section 18	Item 17
w. Non-competition covenants	Section 19	Item 17
x. Dispute resolution	Section 20	Item 17
y. Owner's Guaranty	Section 2, Exhibit E	Item 15
z. Other (describe)	Not Applicable	Not Applicable

Item 10.
Financing

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

Pre-Opening Assistance: Before you open your business, we will:

1. Designate your Territory (Franchise Agreement, Exhibit A). Other than approving your Territory, we do not need to approve the specific location of your franchise, as we assume you will work from a home office.
2. Advise as to methods of training staff to work in and assist in operating a franchise and provide trainings or orientations as necessary or requested (Franchise Agreement, Articles 5 and 6).
3. Provide you, or have BNI Franchising, LLC provide you, with the necessary initial inventory of supplies, materials and software that you are required to purchase to open your franchise (Franchise Agreement, Article 4 and Exhibit B).
4. Provide you with our training program, which consists of the Executive Director Training and Support Director Consultant Orientation for approximately 5 days and 3 days, respectively. We also provide you and/or your designated employee(s) the Support Director Consultant Orientation (Franchise Agreement, Article 5). This training is described in detail later in this Item
5. Loan you copies of the operations manuals as provided in the Franchise Agreement. (Franchise Agreement, Article 6). The operations manual is 55 pages total and you may view the operations manuals before you purchase your franchise.

Ongoing Assistance: During the operation of your business, we will:

- a) Provide support and assistance through e-mail or telephone (Franchise Agreement, Article 8).
- b) Provide marketing assistance to help promote your franchise (Franchise Agreement, Article 8).
- c) Provide information from our continuing research and development as we deem necessary to improve your franchise (Franchise Agreement, Article 8).
- d) Provide production, printing and distribution of newsletters as provided in the Franchise Agreement (Franchise Agreement, Article 8). We do not assist you in establishing your pricing in the operation of your business. We do not require you to charge minimum or maximum prices for any of the membership subscription fees or other operations of your franchise.
- e) Provide additional training, periodic seminars, advice and assistance to you at our discretion that we may deem proper and advisable (Franchise Agreement, Articles 5 and 8).
- f) We will pay you a referral fee (see Item 5) for any prospective franchisee referred by you in writing, who was previously unknown to and not previously solicited by us, who becomes a BNI franchisee. A person may become a BNI franchisee only by signing our then-current franchise agreement and paying us the then-current franchise fee. We may implement, end or change this policy, and/or impose additional rules or conditions, in our reasonable business judgment. You are strictly prohibited from any involvement in the franchise solicitation, offering or sales process.

You do not need to have a site in order to operate your franchise. We do not provide any assistance if you choose to have a site for the operation of your franchise. Any site you choose to have must be located within your Territory.

Though the time may vary, the typical length of time between the signing of the franchise agreement and the opening of your first Chapter is approximately 6 months if you are purchasing a new franchise and approximately 3 months if you are purchasing an already existing franchise. You are required to

successfully complete the Executive Director Training within 6 months of signing your franchise agreement if you are purchasing a new franchise. You are required to successfully complete the Executive Director Training within 6 months of the execution date of your Franchise Agreement and before launching a new Chapter if you are purchasing an already existing franchise (Franchise Agreement, Article 5). Your successful completion of the Executive Director Training is the main factor in determining when you are able to open your first Chapter.

Computer System & Technology. You are required to have available in your franchise the necessary computer hardware and software to carry on business with Us over the internet and online, as those terms are understood in the computer technology world, including an active email address which shall, at all times, be provided to Us. You are not required to have a specific brand or type of computer hardware, except that you must have a computer that is capable of running Microsoft Office under the Franchise Agreement. Your computer hardware and software must provide you sufficient access to the internet with the ability to download or upload reports as may be necessary from time to time (Franchise Agreement, Article 9).

You are required to license and use in the operation of your franchise our operating system currently called the Operating Management System (Franchise Agreement, Article 4). You shall pay us, or a third party designated by us, monthly a continuing Research & Development Contribution as defined in Article 1 of the Franchise Agreement, and Item 6 of this FDD, in the then-current amount, currently in the amount of \$36 per every new and renewing Member per year paid in the month following such member's joining or renewing, respectively ("R&D Contribution"). We reserve the right to increase the R&D Contribution amount every two (2) years from the date of last increase regardless of when you signed your Franchise Agreement and may do so upon a 60-day notice to you. The data to be stored on the Operating Management System includes the following information about customers: member information of the Chapters including each member's name, address, phone numbers and e-mails. We will have independent access to all of this information without any contractual limitations (Franchise Agreement, Article 9). We have the right to access this information contained on Your Operating Management System, which may include member information and fees collected in the operation of your BNI franchise.

You are responsible for all costs necessary for regular maintenance of your computer hardware and software, if necessary, which costs will vary depending on the quality of computer system that you have. We estimate your costs associated with this computer system to be in the range between \$500 and \$1,500. Your costs could be greater than \$1,500 depending upon what computer system you choose to purchase. Your estimated potential upgrade or maintenance costs of your computer system may be approximately \$100 to \$500 every 2 to 3 years based on your computer system. We have no contractual limitations on the frequency and cost of requiring you to purchase and use a software program or hardware. We do not have any contractual obligation for maintenance, repairs, updates and /or upgrades to your computer operating system. (Franchise Agreement, Article 9).

Advertising. You are responsible for all communications we send to you to your e-mail address(es) (Franchise Agreement, Article 9). You are required to complete and send certain reports on the operation of your franchise to us (Franchise Agreement, Article 4).

You may use only those promotional and marketing materials or items which are authorized by us in writing and in accordance with our standards. You must get our prior written approval prior to releasing or using any local printing, advertising or promotional programs, other than those provided by us. (Franchise Agreement, Article 6).

We may establish and conduct promotional and marketing campaigns on a national or regional basis,

which may, by way of illustration and not limitation, promote particular events or programs. The sources of these campaigns may either be developed by us or by a third-party marketing agency, as we deem appropriate. You must participate in such promotional and marketing campaigns and in any official membership drive as developed by us. If required by us, you must purchase material, posters, flyers, and other promotional material (Franchise Agreement, Article 6).

You may only advertise, promote and solicit for Members within the boundaries of the Territory. You may use the BNI Marks only in the forms prescribed by us. You may use only the advertising or promotional materials, signs or other items using the BNI Marks and/or connected in any way to the franchise which are approved in writing by us or as pre-approved pursuant to our standards (Franchise Agreement, Article 6). We are not obligated to spend any particular amount in any franchisee's territory.

We reserve the right to establish and administer a system-wide brand marketing fund or collect a brand marketing fee for the benefit of the System and BNI brand generally. Currently, we have not yet created such brand marketing fund or required brand marketing fee. As such, you and other franchisees need not participate in any brand marketing fund or pay brand marketing fee. We have not currently established a brand marketing fund or brand marketing fee and therefore cannot provide any breakdown of how such brand marketing fund or brand marketing fee was expended in our past fiscal year.

Currently, we have not established an advisory council or subcommittee to participate in the brand marketing fund management and marketing decisions, however we reserve the right to do so in the future. If we establish an advisory council, it will serve in an advisory capacity to us with respect to certain marketing expenditures, including providing advice/guidance on how to administer any brand marketing fund (if established in the future). At our discretion, the advisory council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an advisory council (if created) at any time.

Currently, we have not established any regional marketing cooperatives and have not contemplated how much a franchisee might be required to contribute to such a cooperative. If created, we will have the right to establish, modify, merge and dissolve any cooperative, as we deem appropriate, and we will administer the cooperative. As such a cooperative has not yet been established, we have not yet determined how membership will be defined, how much you must contribute, or whether our company-owned outlets must contribute. If such a cooperative is created, its governing documents will be available to you upon your request.

We reserve the right to establish a Member Success Center or MSC dedicated to supporting Members and/or providing other customer service functions. We reserve the right, in our sole discretion, to require you to utilize the BNI Member Success Center for your benefit, the benefit of Members, and the BNI brand generally, as set forth by our standards and requirements. If we require you to utilize the MSC, then you will be responsible for the payment of any costs associated with services provided to you in connection with the MSC.

We reserve the right to require you to use payment technology integrated into the BNI Connect Management Operating System including but not limited to a specific payment gateway and/or merchant services processor. We do not mandate this today, but in the future, we may require you to use our approved technology/payment partners for the collection of membership dues and event fees, among others.

We reserve the right to require you to use a reporting system or reporting software, to promptly report

all transactions for which a Continuing Royalty is, or may be, payable. We do not mandate this today, but we may do so in the future, upon sixty (60) days' prior written notice to Franchisee.

Training.

TRAINING PROGRAM

Executive Director Training

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
The Basics	6	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Business Set Up	4	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Business Financials	3	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Administrative Processes	4	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Knowing Your Numbers	3	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Strategy/Goal Planning	4	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Building a Team	8	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
TOTALS	32	0	

Support Director Consultant Orientation

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction to the BNI System	6	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Maintaining and Growing Chapters	6	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Branding and Chapter Marketing	2	0	Charlotte, North Carolina, locations determined by us, or

			video conferencing or video recording
Introduction to BNI Leadership Teams	4	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Introduction to BNI Technology Systems and Reports	4	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Presentations to Chapters	2	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
TOTALS	24	0	

Launch Director Consultant Orientation

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Building Awareness & Filling Your Launch Pipeline	6	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Showcase Chapters	2	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Interest Meetings	2	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Setting Expectations & Holding Them Accountable	4	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Chapter Launch Applicant Interview Process	4	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
Chapter Launch and Leadership Team	2	0	Charlotte, North Carolina, locations determined by us, or video conferencing or video recording
TOTALS	20	0	

We offer our Executive Director Training, Support Director Consultant Orientation, and Launch Director Consultant Orientation 2 to 3 times a year at either our corporate offices in Charlotte, North Carolina, at locations we select across the country, or by video conferencing or video recording. You are required to successfully complete the Executive Director Training, the Support Director

Consultant Orientation, and Launch Director Consultant Orientation to our satisfaction. All individuals (director/director consultants) who help operate Chapters are required to successfully complete the Support Director Consultant Orientation, to our satisfaction. You will only be required to complete the Executive Director Training once every five (5) years. You must satisfactorily complete the Executive Director Training, Support Director Consultant Orientation, and Launch Director Consultant Orientation prior to opening your first Chapter. You must pay a training fee of \$1,800 for each person You have attend the Executive Director Training and \$900 for each person You have attend the Support Director Consultant Orientation and \$900 for each person You have attend the Launch Director Consultant Orientation, as described in Item 6. If you are an Executive Director, have successfully completed the Support Director Consultant Orientation and Launch Director Consultant Orientation in the past 24 months and paid the training fee, then such Executive Director or their employee/independent contractor (assuming such contractor similarly successfully completed the training) can attend the Support Director Consultant Orientation and Launch Director Consultant Orientation for a reduced fee of \$450. (Franchise Agreement, Article 4). In addition to the Executive Director Training, you are required to attend advanced training programs at least once each year at a location and time determined by us. All expenses for you and your employees as to travel and living for the Executive Director Training and any additional training must be paid by you (Franchise Agreement, Article 4).

All of our instructors for the Executive Director Training instruct as to any of the subjects listed in the above tables. Our instructors for the Executive Director Training are currently as follows, but may change at any time without notice to you: Paula Frazier with 2 years providing training for us and over 21 years as one of our franchisees; Lisa Renz with 3 years providing training for us and over 15 year as one of our franchisees, and Steven Renz with 2 years providing training for us and over 11 years as one of our franchisees.

You must attend annual meetings to evaluate growth, retention, complaints, achievements and whether you and/or your leadership team may benefit from attending additional BNI training courses.

Item 12. **Territory**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will receive rights to operate a BNI franchise within a specific, physical geographic area referred to as a "Territory" and identified in your Franchise Agreement.

The geographic boundaries of the Territory will be defined by a sufficient number of zip codes, or otherwise as we deem appropriate, in order to describe an area that contains a population of two hundred and fifty thousand (250,000) people or more. In certain limited circumstances, we may in our sole discretion, grant you a Territory with a population of less than 250,000.

You and we will agree on your Territory, and you will be provided with the boundaries of the Territory before you sign your Franchise Agreement. We will attach a map and/or description of your Territory to your Franchise Agreement. You have no options, rights of first refusal or similar rights to acquire additional territories within contiguous territories.

We rely on a third-party source to supply us with data to determine the total population in the Territory. While we believe the data to be accurate, population figures can increase or decrease over time.

You will operate the Franchised Business within the Territory. You may only advertise, promote and solicit for Members within the boundaries of the Territory. No other rights are granted to you.

If we grant you the right, in our sole discretion, to service Chapters outside the Territory that are not serviced by another franchisee, you must comply with all of the conditions and other requirements that we may from time to time specify (in the operations manuals or otherwise in writing) with respect to such activities. At any time upon our demand or upon your actual notice that a TAFS has been purchased by another franchisee, you agree to immediately cease all activities in such TAFS and to comply with our procedures for the transition of Chapter accounts for such TAFS.

You, or your Executive Director, must reside within the Territory. You may not relocate the Franchised Business without our prior written consent. We will consider the following when considering your request to relocate: (i) whether the demographics of your Territory have changed; and (ii) potential impact on neighboring franchisees. If these considerations indicate a relocation is favorable for you, us and other franchisees, we will approve it. We expect that you will work from a home office, but you have the option of working from a commercial space. You do not receive any options, rights to first refusal or any other similar rights to acquire additional franchises. Your Territory is not an exclusive territory.

BNI Global, LLC, our affiliate, currently offers for sale on the Internet some of the products with the same trademarks that you may be offering for sale in your franchise. We reserve the right to use other channels of distribution within your Territory, such as the Internet, the metaverse, and direct marketing sales, to sell products that bear the same trademarks used under the Franchise Agreement or under different trademarks than those used under the Franchise Agreement. We are not required to compensate you for any products that we sell within your Territory. You cannot solicit customers, provide products or services, use any other channels of distribution, such as the Internet, the metaverse, catalog sales, telemarketing or other direct marketing, or advertise outside of the Territory.

Item 13. **Trademarks**

We will grant you the right to operate a franchise under the name BNI®. You may also use our other current or future trademarks or service marks and logos to operate Your BNI franchise. By trademark we mean trade names, trademarks, service marks and logos designated by us to identify your franchise and the BNI system. Our affiliate, BNI Global, LLC, has registered the following trademarks on the United States Patent and Trademark Office principal register:

Trademark	Mark Type	Int'l Class No.	U.S. Registration No.	Registration Date	Register
BNI	Word Mark	35, 41	3439110	June 3, 2008 Renewed July 11, 2017	Principal
BNI	Stylized Mark	35	2233431	March 23, 1999 Renewed April 1, 2019	Principal
BNI THE BUSINESS NETWORK INTL.	Word Mark	35	1805510	November 16, 1993 Renewed November 17, 2013	Principal
GIVERS GAIN	Word Mark	35	3069990	March 21, 2006 Renewed February 20, 2016	Principal
GIVERS GAIN	Word Mark	35	5299668	October 3, 2017	Principal
LOCAL BUSINESS – GLOBAL NETWORK	Word Mark	35, 41	3677755	September 1, 2009 Renewed September 21, 2019	Principal

CHANGING THE WAY THE WORLD DOES BUSINESS	Word Mark	35, 38, 14	3563283	January 20, 2009 Renewed February 9, 2019	Principal
INTERNATIONAL NETWORKING WEEK	Word Mark	35	5642927	January 1, 2019	Principal
BNI CONNECT	Word Mark	45	4022645	September 6, 2011 Renewed January 21, 2022	Principal
BNI CONNECT	Word Mark	35	5279931	September 5, 2017	Principal
BNI	Stylized Mark	35, 41	6464485	August 24, 2021	Principal
BNI ONLINE	Word Mark	35, 41	6464553	August 24, 2021	Principal
GROWING FORWARD TOGETHER	Word Mark	35, 41	6831372	August 30, 2022	Principal
BNI+	Word Mark	35, 41	7323010	March 5, 2024	Principal

Our affiliate, BNI Global, LLC, has filed all required affidavits concerning these marks. BNI Global, LLC has granted us unlimited license providing us the exclusive right to grant licenses to use any of these marks to our franchisees via a license agreement December 8, 2014. In the event this license agreement is terminated, your rights to use these marks will not be materially altered. We may reference these marks in this Disclosure Document as our trademarks with the understanding that BNI Global, LLC, our affiliate, owns the registrations and we have the exclusive rights to them. You must follow our rules, our branding standards and our memorandums for your use of these marks. You cannot use these marks or words similar to these marks in any trade, firm, corporation, association, or business name, unless we approve it in writing and any approval by us would automatically be revoked upon the termination of the Franchise Agreement. You must not use our registered marks in connection with the sale of any unauthorized product or service or in a manner not authorized in writing by us.

There are no currently effective determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court which affect your right to use the marks.

We do not know of any infringing uses that could materially affect your use of the marks except as noted below.

We are opposing the unauthorized usage of our trademark, GIVERS GAIN (Reg. No. 3,069,990) by Network In Action Intl., LLC ("Defendant"). On August 22, 2024 we filed a lawsuit in the United States District Court for the Southern District of Texas (Case Number 4:24-cv-03126). We are seeking an order permanently enjoining Defendant, its officers, directors, employees, agents, owners, subsidiaries, distributors, dealers, app partners, related companies, and all persons in active concert or participation with any of them from using, registering, or seeking to use or register any name, mark, trade name, company name, domain name, source identifier, or designation comprised of or containing the GIVERS GAIN trademark or any similar term(s) in any manner likely to cause confusion with BNI and/or its trademarks, or to otherwise injure BNI and/or its reputation, including but not limited to disabling Defendant's infringing website.

Other than our license with BNI Global, LLC, there currently are no agreements that limit our right to use or license the use of our marks in the U.S.

You must notify us immediately when you learn about an infringement of or challenge to your use of our marks. We will take the action we think appropriate although we are not required to take any affirmative action. We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you. If we do bring such action, we may name you as a nominal party to the action. We will indemnify you or reimburse you for your liability and reasonable costs if there is a challenge to your authorized use of our marks provided you have notified us immediately after you learn of the challenge and cooperate with us in defending the challenge as necessary.

You must modify or discontinue the use of a mark if we modify or discontinue the mark. If this happens, then you will be responsible for your tangible costs of compliance (for example, changing signs or letterhead). You may not directly or indirectly contest the validity of our ownership of the marks or our right to use or license our marks, trade secrets, confidential information or business techniques that are part of our business.

We do not know of any superior prior rights, besides by our affiliate, or infringing uses that could materially affect your use of our marks.

Item 14. **Patents, Copyrights and Proprietary Information**

We do not own any registered patents or pending patent applications that are material to the franchise. We do claim common law copyright and trade secret protection for several aspects of the franchise System including our Manuals, training materials, advertising, and business materials. Additionally, we have obtained the following federal copyright registrations for versions of the following materials:

Registration Number	Title	Registration Date	Duration
TX0007700654	BNI Director and Chapter Materials.	02/12/2013	95 years
TX0007316263	BNI Director and Chapter Materials.	08/27/2013	95 years
TX0006205340	Monthly membership committee meeting agenda/report.	02/22/2005	95 years
TX0006214510	Membership renewal application.	02/22/2005	95 years
TX0006175901	BNINet categories (391): effective 09/09/2004.	10/01/2004	95 years
TX0006165789	Leadership team user manual for BNINet.	10/01/2004	95 years
TX0006108505	BNI color four-fold brochure.	07/28/2004	95 years
TX0005903171	Advanced directors training manual.	12/17/2003	95 years
TX0005903172	Presentations that educate, entertain, & enthuse: director presentation manual.	12/17/2003	95 years
TXu001055965	BNI leadership team manual.	04/26/2002	95 years
TXu001056122	BNI application.	05/06/2002	95 years
TXu001056129	BNI compare the value: word-of-mouth marketing works!	05/06/2002	95 years
TXu001056124	BNI director performance evaluation.	05/06/2002	95 years
TXu001056132	BNI educational coordinator handbook.	04/26/2002	95 years
TXu001056119	BNI invitation fax sheets.	05/06/2002	95 years

TXu001056116	BNI meeting review.	05/06/2002	95 years
TXu001056130	BNI meeting stimulants: set 1, no. 1-10.	05/06/2002	95 years
TXu001056114	BNI member policies.	05/06/2002	95 years
TXu001056121	BNI membership committee handbook.	05/06/2002	95 years
TXu001056117	BNI membership report form.	04/26/2002	95 years
TXu001056120	BNI "rate your chapter."	05/06/2002	95 years

Registration Number	Title	Registration Date	Duration
TXu001057178	BNI referral slip.	08/21/2002	95 years
TXu001056118	BNI supplemental report form.	05/06/2002	95 years
TXu001056127	BNI visitor host handbook / 7p.	05/06/2002	95 years
TXu001056131	BNI visitor information.	05/06/2002	95 years
TXu001056125	Chapter “tool-kit.”	04/26/2002	95 years
TXu001056128	Decisions, decisions.	05/06/2002	95 years
TX0005789589	Director’s chapter support manual.	03/19/2002	95 years
TX0005789588	Director’s operations manual.	03/19/2002	95 years
TX0005789585	Member orientation guide.	03/19/2002	95 years
TX0005789587	Member policies.	03/19/2002	95 years
TX0005789586	Member success program.	03/19/2002	95 years
TX0005789584	National director’s manual.	03/19/2002	95 years
TXu001057177	This card is a personal invitation to visit BNI, an organization specializing in business referrals.	08/21/2002	95 years
TXu001056123	Trifold brochure.	05/06/2002	95 years
TXu001056126	BNI visitor’s packet.	05/06/2002	95 years
TXu001056113	Secret for a successful visitor’s day meeting.	04/26/2002	95 years
SRu000465193	Keeping the “FUN” in the fundamentals.	03/19/2002	95 years
TXu001056115	Kick-off packet instructions.	04/26/2002	95 years
TX0004607686	BNI chapter goals sheet.	04/15/1997	95 years
TX0004607689	Confidential visitor meeting evaluation form.	04/15/1997	95 years
TX0004607685	BNI member bio sheet.	04/15/1997	95 years
TX0004607684	BNI one-on-one dance card.	04/15/1997	95 years
TX0004607688	Director’s goal sheet.	04/15/1997	95 years
TX0004607682	Gold Club badge qualification form.	04/15/1997	95 years
TX0004607687	Visitor sign-in sheet.	04/15/1997	95 years
TX0005197220	Member orientation guide.	11/05/1999	95 years
TX0004607683	Ambassador’s orientation guide.	04/15/1997	95 years
TX0006103053	Givers Gain: the BNI story, 20 th anniversary edition / Ivan R. Misner, with Jeff Morris; foreword by Norm Dominguez.	12/22/2004	95 years
SR0000113991	Your orientation to the Network / by Ivan R. Misner.	02/13/1990	95 years
TX0002973175	Regional director’s manual for The Business Network, Inc.	02/13/1990	95 years

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. We are not aware of any patent or copyright infringement that may materially affect you or the franchise. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and we may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

You do not receive the right to use an item covered by a patent or copyright as of the date of this Disclosure Document, but you can use the proprietary information in our manuals, podcasts, newsletters, blogs, articles and other publications and media we provide to you for use in your franchise in the manner in which we prescribe (you do not have any rights to create derivative works

or use the material in any other manner not intended by us). We consider the above materials our proprietary confidential information and part of our trade secrets. There are no agreements in effect limiting your use of any patents, pending patents and/or copyrights associated with the Franchised Business. Although we may not have filed an application for a copyright registration for our manuals, podcasts, newsletters, blogs, articles and other publications and media we provide to you for use in your franchise, we claim a copyright and the information is proprietary and we will use our best efforts to protect these materials. The use of these materials is limited only to you, your employees and any independent contractors authorized and approved by us, as necessary. You are permitted to use these materials only in the manner that we prescribe in the Franchise Agreement and our director manuals. Each individual with access to these materials as provided in the Franchise Agreement must, prior to having access to these materials, execute our Non-Solicitation, Non-Disclosure and Non-Compete Agreement. You acknowledge that we own the member relationship and any data associated with Members is our proprietary information. You must promptly tell us if you learn about any unauthorized use of our proprietary information. We are not obligated to take any action but will respond to this information as we deem appropriate. We will not defend you against claims arising from your use of the patented or copyrighted items, but we will indemnify you for losses brought by a third-party concerning infringement by your use of this information.

Item 15.

Obligation to Participate in the Actual Operation of the Franchise Business

Your Franchised Business must be supervised by a designated principal owner who has successfully completed our Executive Director training program (“principal owner”). The principal owner will be required to directly own not less than fifty-one percent (51%) of the equity ownership of the Franchisee entity. The principal owner’s decisions will bind the Franchisee. All owners of the entity, including the principal owner, must sign a guaranty in the form attached to this Disclosure Document as Exhibit E, and the principal owners’ spouses, if any, must sign a spousal limited guaranty in the form attached to this Disclosure Document as Exhibit F. For the duration of the Franchise Agreement, you must designate a principal owner, who shall devote their full time and exclusive attention and effort to the operation of the Franchised Business (unless otherwise approved by Franchisor in writing), who resides in the Territory, does not operate any other business (without our written approval), and meets such standards as may be reasonably imposed by us.

Notwithstanding the foregoing, under certain extremely limited circumstances, we may agree that a principal owner need not personally perform the direct, on-site supervision of the Franchised Business operations. Under certain limited circumstances, we may (in our sole discretion) approve an individual who has successfully completed our Executive Director Training program (“manager”) to directly perform on-site supervision of the Franchised Business operations while residing in the Territory, and the individual must be a bona fide manager, as determined by us. If we ask, the manager must execute our then-current Non-Solicitation, Non-Disclosure and Non-Compete Agreement, described in Item 14.

While you own the Franchised Business, you cannot have an interest or relationship with any competitors.

Item 16.
Restrictions on What the Franchisee May Sell

You must offer and sell only the goods and services which conform to our standards and specifications (see Item 8).

You must offer all goods and services that we designate as required for all franchisees. We restrict these required goods and services for the purpose of developing business networking organizations and referral groups, as specified in the Franchise Agreement and our director manuals, and in the changes thereto as may be periodically given to you. We have the right to add additional authorized goods and services that you must offer. There are no limits on our right to do so although we have no present plans to do so.

You must comply with all applicable federal, state and local laws and obtain all appropriate governmental approvals for the franchise. You must operate in conformity with the methods, standards and specifications we prescribe to maintain uniformity within our system and to provide the highest degree of quality and service. You must not deviate from our standards and specifications without our prior written consent.

We limit or restrict you (and other franchisees) to the territory on Exhibit A of the Franchise Agreement in offering, selling or advertising your goods and services, but we do not otherwise limit or restrict your solicitation of customers.

Item 17.
Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Article 3	Term is 5 years.
b. Renewal or extension of the term	Article 3	The Agreement may be renewed for successive terms by notifying us in writing at least six (6) months, and no more than one (1) year, prior to the expiration of your Agreement. We can approve or deny your request for a renewal. If we approve your request for a renewal, then you must sign our then-current form of franchise agreement.

Provision	Section in franchise or other agreement	Summary
c. Requirements for franchisee to renew or extend	Article 3	We will not sign a renewal Franchise Agreement with you if you are in default of any provision of your Franchise Agreement. You must notify us in writing within a certain period of time if you intend to renew Your Franchise Agreement. Upon renewal, you must sign our then current Franchise Agreement, and <i>it may contain terms and conditions that are materially different from the terms in your original Franchise Agreement</i> , including the term, fees, services, terms, provisions, and obligations. You must pay a Renewal Fee. You may have to go through training. You must sign a general release and any other documents we may require and bring your franchise into compliance with our then current specifications and standards for new BNI franchises, including any applicable re-imaging. You must participate in Regional Business Plan Meeting.
d. Termination by franchisee	Article 3	You do not have the right to terminate your Agreement.
e. Termination by franchisor without cause	None	We cannot terminate your Agreement without cause.
f. Termination by franchisor with cause	Article 17	We can terminate your Agreement only if you are in default of the Agreement.
g. "Cause" defined – curable defaults	Article 17	A curable default includes any default by you of any provision of your Franchise Agreement and not covered by the provisions of 17.1 of your Franchise Agreement listed in section (h) of this chart. You will have 20 days to cure any curable default (subject to local state law).
h. "Cause" defined – non- curable defaults	Article 17	We may terminate your Franchise Agreement without giving you an opportunity to cure for the following reasons, subject to applicable law: (a) insolvency or bankruptcy ; or (b) failure to pay a final judgment when due; or (c) You made material misrepresentations to us in the application for the franchise or other reports or information provided to us (d) you abandon the franchise relationship without Our prior written consent; or (e) you default on any payment and do not cure such default within 20 days after written notice; or (f) After 20 days' written notice, you continue to engage in a similar business to that licensed and established under and pursuant to this Agreement without obtaining our prior written consent, or continues to violate the covenant against competition under this Agreement, or in violation of this Agreement, continues to market any service or

h. "Cause" defined – non-curable defaults	Article 17	<p>product under a name or mark which is confusingly similar to the BNI Marks; or (g) you or your owners are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that We believe is reasonably likely to have an adverse effect upon the BNI Franchise, the BNI Marks, the goodwill associated therewith, or BNI's interest therein; or (h) you or any of your owners intentionally discloses or divulges the contents of the Directors Materials or other confidential information contrary to the terms of this Agreement, or you or any of your owners intentionally uses or duplicates the BNI System or engages in unfair competition or discloses any trade secrets; or (i) you purport to effect any sale, assignment, merger or transfer in violation of the Franchise Agreement; or (j) you knowingly maintain false books or records, or knowingly submits any false or fraudulent reports, statements or documents to Us; or (k) you misuse or make any unauthorized use of the BNI Marks or any other identifying characteristics of the BNI System, or otherwise materially impairs the goodwill associated therewith or our rights therein; or (l) you are repeatedly in default for failing to comply with any part of the Franchise Agreement, whether or not cured after written notice; or (m) you are the subject of repeated complaints by Members, Directors/Director Consultants, visitors, or other BNI officials/agents; or (n) you or the individual owner of at least 51% ownership in the entity, or the manager if applicable, ceases to live within the Territory or ceases to devote full time, exclusive attention and effort to the promotion and operation of BNI Franchise and no cure is made within thirty (30) days after written notice; or (o) You contest our ownership of the BNI Marks or any other trademarks owned or used by BNI; (p) Your actions, in the business judgment of BNI, threaten or endanger the health and safety of its Members; or (q) if you default under the Franchise Agreement or any other agreement between you and us, and there is no opportunity to cure such default, we may terminate the Franchise Agreement and any other agreement between you and us.</p>
i. Franchisee's obligations on termination/non-renewal	Article 18	<p>Upon termination or expiration of your Franchise Agreement, you must: immediately stop using our trademarks and intellectual property; immediately return proprietary and confidential information; stop using our System and comply with the post-term covenants not to compete; assign to us telephone numbers and listings for your franchise; assign to us Membership Lists and related information for your franchise; promptly pay all amounts you owe us and your creditors; promptly resolve all Member disputes in a satisfactory way; and promptly grant us the right to use any meeting facilities used in your franchise's operation.</p>
j. Assignment of contract by franchisor	Article 15	<p>No restriction on our right to assign.</p>
k. "Transfer" by franchisee – defined	Article 15	<p>Any change of interest in the ownership of the franchise or franchise agreement.</p>

Provision	Section in franchise or other agreement	Summary
l. Franchisor approval of transfer by franchisee	Article 15	We have the right to approve all requests for transfers.
m. Conditions for franchisor approval of transfer	Article 15	You are not in default, proper notification by you to us of requested transfer as required under the Agreement, providing us with a copy of a purchase agreement that meets our approval, compliance with all conditions listed under Article 15.3 of the Franchise Agreement. Some of these conditions include qualification of prospective buyer as a franchisee, payment of all fee amounts, payment of all debts owed by you associated with your business, training arranged as required for the prospective buyer, release signed by you, and a then current agreement signed by new franchisee (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business	Article 16	We will have the prior option to purchase the interests covered by any offer at the price and upon the same financing terms of the offer; we have the right to substitute cash for any payment method set out in offer, and we have.
o. Franchisor's option to purchase franchisee's business	None	
p. Death or disability of franchisee	Article 15	The franchise must be assigned by estate to approved individual within 90 days of death or disability of franchisee, unless a temporary manager has already been approved by us pursuant to Article 15.
q. Non-competition covenants during the term of the franchise	Article 19	No involvement in competing business anywhere in the U.S.
r. Non-competition covenants after the franchise is terminated or expires	Article 19	No competing business for 2 years within 75 miles from the outer boundary of the Territory or within 75 miles from your residence (including after assignment).
s. Modification of the agreement	Article 21	No modification except by written agreement signed by both parties.
t. Integration/merger clause	Article 21.16	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments
u. Dispute resolution by arbitration or mediation	Article 20	If you have a dispute regarding your Franchise Agreement, then it must be mediated. If mediation fails, your only option is to file for arbitration.

v. Choice of forum	Article 20	Arbitration must be in Charlotte, North Carolina unless local state law supersedes this provision (subject to state law).
w. Choice of law	Article 20 and 21	North Carolina law applies unless local state law supersedes this provision (subject to state law).

Item 18.
Public Figures

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises.

Item 19.
Financial Performance Representations

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchisees 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.

DEFINITIONS

- (a) Average – means the sum of all data points in a set, divided by the number of data points in that set.
- (b) Calendar Year – means, as to each respective year, the 12-month period commencing on January 1 and ending on December 31.
- (c) Company Owned Outlet – means a BNI franchise, owned either directly or indirectly by us, or our affiliate.
- (d) Franchise Outlet – means a BNI franchise, operated under a Franchise Agreement that is not a Company Owned Outlet.
- (e) Gross Revenues – means the total revenue derived by each BNI franchise, less sales tax, discounts, allowances and returns.
- (f) Median - means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by

two.

- (g) New Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2024, as to the 2024 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet (see definition below).
- (h) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2024, as to the 2024 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet (see definition below).
- (i) Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the first day of the Calendar Year and for the entire Calendar Year.
- (j) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the first day of the Calendar Year and for the entire Calendar Year.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Franchise Outlets is based on information reported to us by our franchisees. Data for our Company Owned Outlets is based on information reported to us by our affiliate. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

ANALYSIS OF RESULTS OF COMPANY OWNED OUTLETS

During the 2024 Calendar Year we had a total of 85 Company Owned Outlets that qualify as Operational Company Owned Outlets. We do not include data in these tables for New Company Owned Outlets.

Table 1						
Average Gross Revenue	High / Low	Median	Percentile	Number of Company Owned Outlets in the Stated Percentile	Number of Company Owned Outlets in the Percentile that Attained or Exceeded the Average Gross Revenues	Percentage of Company Owned Outlets in Percentile that Attained or Exceeded the Average Gross Revenues
\$1,212,123	\$1,579,382 / \$869,696	\$1,196,611	Top 10%	9	4	44%
\$879,477	\$1,579,382 / \$473,763	\$795,155	Top 25%	21	7	33%
\$607,986	\$1,579,382 / \$282,178	\$447,807	Top 50%	43	16	37%
\$477,305	\$1,579,382 / \$143,700	\$338,324	Top 75%	64	20	31%
\$379,131	\$1,579,382 / \$12,978	\$282,178	100%	85	29	34%
\$214,955	\$447,807 / \$12,979	\$209,059	Bottom 75%	64	27	42%
\$148,022	\$282,178 / \$12,980	\$143,700	Bottom 50%	43	21	49%
\$79,936	\$143,506 / \$12,981	\$87,288	Bottom 25%	21	13	62%
\$42,324	\$83,876 / \$12,982	\$43,397	Bottom 10%	9	5	56%

Table 2						
Average Number of Members	High / Low	Median	Percentile	Number of Company Owned Outlets in the Stated Percentile	Number of Company Owned Outlets in the Percentile that Attained or Exceeded the Average Number of Members	Percentage of Company Owned Outlets in Percentile that Attained or Exceeded the Average Number of Members
1100	1,380 / 885	1,042	Top 10%	9	3	33%
825	1,380 / 486	749	Top 25%	21	9	43%
583	1,380 / 278	471	Top 50%	43	16	37%
460	1,380 / 169	352	Top 75%	64	22	34%
370	1,380 / 23	278	100%	85	27	32%
221	471 / 23	207	Bottom 75%	64	28	44%
155	278 / 23	169	Bottom 50%	43	24	56%
95	166 / 23	94	Bottom 25%	21	10	48%
56	84 / 23	67	Bottom 10%	9	5	56%

ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS

During the 2024 Calendar Year we had a total of 99 Franchise Outlets that qualify as Operational Franchise Outlets. We do not include data in these tables for New Franchise Outlets.

Table 1						
Average Gross Revenue	High / Low	Median	Percentile	Number of Franchise Outlets in	Number of Franchise Outlets in the Percentile that	Percentage of Franchise Outlets in Percentile that Attained or Exceeded the Average Gross Revenues

				the Stated Percentile	Attained or Exceeded the Average Gross Revenues	
\$1,066,401	\$1,850,662 / \$809,603	\$1,010,007	Top 10%	10	3	30%
\$772,247	\$1,850,662 / \$437,958	\$665,878	Top 25%	25	11	44%
\$546,637	\$1,850,662 / \$262,018	\$431,450	Top 50%	50	21	42%
\$431,387	\$1,850,662 / \$148,462	\$316,345	Top 75%	74	25	34%
\$343,922	\$1,850,662 / \$8,183	\$262,018	100%	99	32	32%
\$199,218	\$425,941 / \$8,183	\$183,862	Bottom 75%	74	34	46%
\$139,570	\$262,018 / \$8,183	\$148,289	Bottom 50%	50	26	52%
\$85,027	\$148,115 / \$8,183	\$88,510	Bottom 25%	25	14	56%
\$52,800	\$77,516 / \$8,183	\$52,368	Bottom 10%	10	4	40%

Table 2						
Average Number of Members	High / Low	Median	Percentile	Number of Franchise Outlets in the Stated Percentile	Number of Franchise Outlets in the Percentile that Attained or Exceeded the Average Number of Members	Percentage of Franchise Outlets in Percentile that Attained or Exceeded the Average Number of Members
1130	1,619 / 875	1,102	Top 10%	10	5	50%
889	1,619 / 597	854	Top 25%	25	9	36%
654	1,619 / 342	584	Top 50%	50	21	42%
527	1,619 / 205	398	Top 75%	74	27	36%
424	1,619 / 18	342	100%	99	35	35%
267	571 / 18	268	Bottom 75%	74	37	50%
192	342 / 18	200	Bottom 50%	50	27	54%
117	195 / 18	103	Bottom 25%	25	11	44%
69	93 / 18	75	Bottom 10%	10	7	70%

Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

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 the 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 our Chief Financial Officer, Andrew Bender, BNI Franchising, LLC, 3430 Toringdon Way, Suite 300 Charlotte, NC 28277, (704) 248-4800 ext. 28, the Federal Trade Commission, and the appropriate state regulatory agencies.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Item 20.
Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary For years 2022 to 2024

(Column 1) OUTLET TYPE	(Column 2) YEAR	(Column 3) OUTLETS AT THE START OF THE YEAR	(Column 4) OUTLETS AT THE END OF THE YEAR	(Column 5) NET CHANGE
Franchised	2022	109	106	-3
	2023	106	102	-4
	2024	102	99	-3
Company- Owned*	2022	77	81	+4
	2023	81	85	+4
	2024	85	88	+3
Total Outlets	2022	186	187	+1
	2023	187	187	0
	2024	187	187	0

*These locations are owned by our affiliate, BNI Global, LLC.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

(Column 1) STATE	(Column 2) YEAR	(Column 3) NUMBER OF TRANSFERS
California	2022	1
	2023	0
	2024	0
Ohio	2022	1
	2023	0
	2024	0
Maryland	2022	0
	2023	0
	2024	1
Total	2022	2
	2023	0
	2024	1

Table No. 3
Status of Franchised Outlets For years 2022 to 2024

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor *	(Col. 8) Ceased Operations- Other Reasons	(Col. 9) Outlets at End of Year
Alabama	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3

Alaska	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arizona	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
California	2022	18	0	0	0	0	0	18
	2023	18	0	0	0	1	0	17
	2024	17	0	0	0	1	0	16
Colorado	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
District of Columbia	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Florida	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
Georgia	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Indiana	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Iowa	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	1	0	1
	2024	1	0	0	0	0	0	1

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations- Other Reasons	(Col. 9) Outlets at End of Year
Kansas	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Kentucky	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Louisiana	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Maine	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maryland	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Mississippi	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Montana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Nevada	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Hampshire	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations- Other Reasons	(Col. 9) Outlets at End of Year
New York	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
North Carolina	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Oregon	2022	2	0	0	0	2	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Pennsylvania	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
South Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Tennessee	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Texas	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	1	1	0	5
Utah	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Vermont	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	1	0	0
	2024	0	0	0	0	0	0	0
Virginia	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	1	0	2
	2024	2	0	0	0	0	0	2
Washington	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
West Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wisconsin	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
TOTAL	2022	109	0	0	0	3	0	106
	2023	106	0	0	0	4	0	102
	2024	102	0	0	1	2	0	99

Table No. 4
Status of Company-Owned Outlets* For years 2022 to 2024

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired From Franchisee	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisee	(Col. 8) Outlets at End of Year
Arizona	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Arkansas	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
California	2022	3	0	0	0	0	3
	2023	3	0	1	0	0	4
	2024	4	0	1	0	0	5
Colorado	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
Connecticut	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Delaware	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
District of Columbia	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Florida	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
Georgia	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Hawaii	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Illinois	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
Iowa	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	0	0	1
Maryland	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Massachusetts	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5

Michigan	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
Minnesota	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Mississippi	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Missouri	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Montana	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Nebraska	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
New Jersey	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
New Mexico	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
New York	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5
North Carolina	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
North Dakota	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Oklahoma	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Oregon	2022	0	0	2	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Rhode Island	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
South Carolina	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
South Dakota	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Tennessee	2022	2	0	0	0	0	2

	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Texas	2022	6	0	0	0	0	6
	2023	6	0	0	0	0	6
	2024	6	1^	1	0	0	8
Vermont	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	0	0	1
Virginia	2022	4	0	0	0	0	4
	2023	4	0	1	0	0	5
	2024	5	0	0	0	0	5
Washington	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
Wisconsin	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Wyoming	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	77	1	3	0	0	81
	2023	81	0	4	0	0	85
	2024	85	1	2	0	0	88

*These locations are owned by our affiliate, BNI Global, LLC.

^Franchisee Non-renewal (See Table No. 3); a Company-Owned territory was opened after non-renewal.

Table No. 5
Projected Openings As Of December 31, 2024

(Column 1) State	(Column 2) Franchise Agreements Signed But Outlets Not Opened	(Column 3) Projected New Franchised Outlets In the Next Fiscal Year	(Column 4) Projected New Company-Owned Outlets In the Next Fiscal Year
California	0	5	0
Colorado	0	1	0
Minnesota	0	1	0
New Jersey	0	1	0
New York	0	4	0
Ohio	0	1	0
Pennsylvania	0	1	0
Virginia	0	1	0
TOTALS	0	15	0

The names, addresses and telephone numbers of all franchisees are listed on Exhibit F.

The name and last known city, state and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with Us within 10 weeks of the issuance date of this Disclosure Document is listed on Exhibit H. If you buy this franchise, your contact information may be disclosed to other buyers

when you leave the franchise system.

During the last three years, franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with BNI. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

BNI Franchising, LLC has a franchise advisory council with the following contact details:

BNI US Franchise Advisory Council
Chairman, Kelly Mank
c/o BNI Franchising, LLC
3430 Toringdon Way, Suite 300
Charlotte, NC 28277
kelly@bnimaine.com

We do not know of a trademark-specific franchisee organization associated with the System that is required or has been asked to be disclosed in this disclosure document.

Item 21. **Financial Statements**

We have attached as Exhibit A to this Disclosure Document our audited financial statements as of December 31, 2024, December 31, 2023 and December 31, 2022. Our fiscal year end is December 31st.

Item 22. **Contracts**

EXHIBIT B – Franchise Agreement
EXHIBIT C – Form of General Release
EXHIBIT D – State Specific Addenda
EXHIBIT E (to the Franchise Agreement) – Guaranty
EXHIBIT G (to the Franchise Agreement) – ACH Agreement
EXHIBIT H (to the Franchise Agreement) – Nondisclosure and Non-solicitation Agreement

Item 23. **Receipts**

You must sign two copies of the Receipt attached as the last two pages to this Disclosure Document. After execution, you keep one copy and provide the other to us.

EXHIBIT A
FINANCIAL STATEMENTS

BNI Franchising, LLC

(a wholly owned subsidiary of BNI Global, LLC)

Financial Report
December 31, 2024

BNI Franchising, LLC

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Suite 300
634 Front Avenue N.W.
Grand Rapids, MI 49504
Tel: 616.774.8221
Fax: 616.459.3594
plantemoran.com

Independent Auditor's Report

To the Board of Directors
BNI Franchising, LLC

Opinion

We have audited the financial statements of BNI Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2024 and 2023 and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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.

To the Board of Directors
BNI Franchising, LLC

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

March 31, 2025

BNI Franchising, LLC**Balance Sheet****December 31, 2024 and 2023**

	2024	2023
Assets		
Current Assets		
Cash	\$ 366,207	\$ 3,058,055
Accounts receivable	764,821	547,213
Related party receivable (Note 3)	8,454	2,139
Prepaid expenses and other current assets	859	-
Total current assets	1,140,341	3,607,407
Franchise License Agreements - Net (Note 2)	1,462,458	1,788,845
Total assets	\$ 2,602,799	\$ 5,396,252
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable	\$ 1,984	\$ 2,655
Related party payable (Note 3)	2,173	762,548
Contract liability - Deferred revenue - Current portion (Note 2)	291,773	203,603
Total current liabilities	295,930	968,806
Other Long-term Liabilities - Deferred revenue - Net of current portion (Note 2)	534,610	542,027
Member's Equity	1,772,259	3,885,419
Total liabilities and member's equity	\$ 2,602,799	\$ 5,396,252

BNI Franchising, LLC**Statement of Operations****Years Ended December 31, 2024 and 2023**

	2024	2023
Net Revenue	\$ 7,171,349	\$ 6,502,492
Operating Expenses	5,797,579	5,281,609
Net Income	<u>\$ 1,373,770</u>	<u>\$ 1,220,883</u>

BNI Franchising, LLC**Statement of Member's Equity****Years Ended December 31, 2024 and 2023**

Balance - January 1, 2023	\$ 3,079,146
Net income	1,220,883
Distributions	<u>(414,610)</u>
Balance - December 31, 2023	3,885,419
Net income	1,373,770
Distributions	<u>(3,486,930)</u>
Balance - December 31, 2024	<u>\$ 1,772,259</u>

BNI Franchising, LLC**Statement of Cash Flows****Years Ended December 31, 2024 and 2023**

	2024	2023
Cash Flows from Operating Activities		
Net income	\$ 1,373,770	\$ 1,220,883
Adjustments to reconcile net income to net cash from operating activities:		
Amortization of franchise license agreement	298,652	306,716
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(217,608)	(17,840)
Related party receivable	(6,315)	(2,139)
Prepaid expenses and other assets	(859)	15,000
Accounts payable	(671)	(27,345)
Related party payable	(760,375)	375,329
Deferred revenue and other liabilities	80,753	213,659
Net cash provided by operating activities	767,347	2,084,263
Cash Flows Used in Financing Activities - Distributions	<u>(3,459,195)</u>	<u>(376,219)</u>
Net (Decrease) Increase in Cash	(2,691,848)	1,708,044
Cash - Beginning of year	<u>3,058,055</u>	<u>1,350,011</u>
Cash - End of year	<u>\$ 366,207</u>	<u>\$ 3,058,055</u>
Significant Noncash Transactions - Distribution of franchise license agreement intangible asset		
	\$ 27,735	\$ 38,391

Note 1 - Nature of Business

BNI Franchising, LLC (the "Company") was formed on November 11, 2014 and is a wholly owned subsidiary of BNI Global, LLC. The Company is engaged in the sale of area franchises for proprietary business network membership organizations located in the United States of America (U.S.). As of December 31, 2024 and 2023, the Company had approximately 99 and 102 franchised regions, respectively, in the United States of America. The Company has one master franchise agreement in China as of December 31, 2024 and 2023.

Note 2 - Significant Accounting Policies***Basis of Presentation***

The financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Company collectively evaluates accounts receivables to determine the allowance for credit losses. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Company considers economic indicators impacting the industry, geography, and new customers that could stress their ability to pay when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Management considers all accounts receivable collectible, and, therefore, an allowance for credit losses has not been recorded at December 31, 2024 and 2023.

For the year ended December 31, 2023, the beginning balance of the Company's receivables from contracts with customers was \$529,373.

Franchise License Agreements

The franchise license agreement is subject to amortization, is stated at cost, and is amortized using the straight-line method over its estimated useful life. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable. The gross carrying amount of the franchise license agreements is \$4,465,176 and \$4,537,769 as of December 31, 2024 and 2023, respectively. The U.S. franchise agreements have a 5-year initial term subject to 5-year renewal periods for an estimated 15-year life. Amortization expense for the years ended December 31, 2024 and 2023 was \$298,652 and \$306,716, respectively, and accumulated amortization as of December 31, 2024 and 2023 was \$3,002,718 and \$2,748,924, respectively. Amortization expense for the franchise license agreements will be approximately \$300,000 for each of the next 5 years. During 2024 and 2023, the Company transferred intangible assets with a gross cost of approximately \$72,600 and \$92,000 and accumulated amortization of approximately \$44,900 and \$53,800, respectively, to BNI Global, LLC as a result of BNI Global, LLC's acquisition of these franchises, resulting in noncash distributions of approximately \$27,700 and \$38,400, respectively.

Note 2 - Significant Accounting Policies (Continued)**Revenue Recognition****Overview**

The Company's revenue mainly consists of franchise fees, royalties, product sales, and conference fees. The Company sells individual franchises that grant the right to service customers within a defined territory using the franchise name. The initial term of franchise agreements is 5 years for franchises located in the U.S. and generally 10 years for franchises located outside of the U.S. The agreements have an option to renew for 5 years for franchises located in the U.S. and generally 10 years for franchises located outside of the U.S. for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

Performance Obligations

The Company has the obligation to provide franchisees with the franchise rights to service customers. The Company has concluded that this represents a single performance obligation. Therefore, initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the agreement is entered into. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income for royalties is recognized over the term of the respective franchise agreement as the underlying sales occur.

The Company also sells certain products and hosts an annual conference. Revenue is recognized at a point in time when the products are shipped and ownership transfers and when the conference occurs. Approximately \$345,000 and \$173,000 of product sales and conference fee revenue was recognized in 2024 and 2023, respectively. All other revenue was recognized over time, as discussed above.

Payment Terms

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties are paid on a monthly basis based upon 20 percent (U.S.) or 5 to 20 percent (international) of membership fees received each month by the franchisee. Product revenue is collected up front and is recognized as revenue immediately. Conference fees are typically collected prior to the holding of a conference. As a result, deferred revenue is created, which is not recognized as revenue until the performance obligation of holding the conference is realized. Franchise fees are collected upfront and, as a result, create a deferred revenue contract liability. The Company then defers franchise fee revenue over a 60-month and 120-month period for U.S. franchises and foreign master franchises, respectively, related to obligations of supporting the franchise.

Contract Balances

Contract liabilities consist of deferred revenue from upfront franchise fees and franchise renewal fees paid by franchisees, as well as conference ticket fee revenue collected in advance. Advance franchise fees are amortized to income using the straight-line method over a period of 5 and 10 years for U.S. franchises and foreign master franchises, respectively, which coincides with the initial franchise term. As of December 31, 2024, \$826,383 was recorded in deferred revenue. Deferred revenue at December 31, 2023 and January 1, 2023 was \$745,630 and \$531,320, respectively.

Future Revenue from Current Period

The aggregate amounts of revenue the Company expects to recognize in future years as a result of satisfying the performance obligations associated with franchise agreements that have unsatisfied performance obligations as of December 31, 2024 are as follows: 2025 - \$291,773, 2026 - \$185,070, 2027 - \$161,875, 2028 - \$74,819, 2029 - \$48,986, and thereafter - \$63,860.

Note 2 - Significant Accounting Policies (Continued)

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

Costs to Obtain a Franchise Agreement

The Company does not have any incremental costs to obtain a franchise agreement.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The member is taxed individually on its ownership share of the Company's earnings. The Company's net income or loss is allocated to the member in accordance with the Company's operating agreement.

No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by the member on its income tax returns.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 31, 2025, which is the date the financial statements were available to be issued.

Note 3 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Administrative Fee

BNI Global, LLC provides administrative support services for the Company and its franchisees, including, but not limited to, personnel, accounting, marketing, printing, and all services and materials provided to the franchisees. For these services, the Company pays BNI Global, LLC an administrative fee. Administrative fees for the years ended December 31, 2024 and 2023 were approximately \$4,553,000 and \$3,986,000, respectively. BNI Global, LLC also allocates certain expenses related to the aforementioned services. Allocated expenses for the years ended December 31, 2024 and 2023 totaled approximately \$946,000 and \$990,000, respectively. If this were a stand-alone entity, additional expenses may have been incurred and/or allocated.

Collateral

The Company's assets serve as collateral for certain long-term notes payable of BNI Global, LLC and Corporate Connections Global, LLC (an entity affiliated through common ownership).

Accounts Receivable

At December 31, 2024 and 2023, the Company had accounts receivable of \$8,454 and \$2,139, respectively, due from Corporate Connections Global, LLC and Corporate Connections Franchising, LLC due to fees paid on behalf of the entities.

Note 3 - Related Party Transactions (Continued)

Accounts Payable and Accrued Expenses

At December 31, 2024 and 2023, the Company had accounts payable and accrued expenses due to BNI Connect related to fees collected on its behalf of \$2,173 and \$762,548, respectively.

BNI Franchising, LLC

(a wholly owned subsidiary of BNI Global, LLC)

Financial Report
December 31, 2023

BNI Franchising, LLC

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Independent Auditor's Report

To the Board of Directors
BNI Franchising, LLC

Opinion

We have audited the financial statements of BNI Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2023 and 2022 and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our 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.

Emphasis of Matter

The balance sheet has been restated as of December 31, 2022 to reclassify approximately \$400,000 of deferred revenue to long term, as disclosed in Note 2. Our opinion is not modified with respect to this matter.

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

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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.

To the Board of Directors
BNI Franchising, LLC

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

May 23, 2024

BNI Franchising, LLC**Balance Sheet****December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u> (As Restated)
Assets		
Current Assets		
Cash	\$ 3,058,055	\$ 1,350,011
Accounts receivable	547,213	529,373
Related party receivable (Note 3)	2,139	-
Prepaid expenses and other current assets	-	15,000
Total current assets	3,607,407	1,894,384
Franchise License Agreements - Net (Note 2)	1,788,845	2,133,952
Total assets	<u><u>\$ 5,396,252</u></u>	<u><u>\$ 4,028,336</u></u>
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable	\$ 2,655	\$ 30,000
Related party payable (Note 3)	762,548	387,219
Contract liability - Deferred revenue - Current portion (Note 2)	203,603	131,122
Other accrued liabilities	-	651
Total current liabilities	968,806	548,992
Other Long-term Liabilities - Deferred revenue - Net of current portion (Note 2)	542,027	400,198
Member's Equity	3,885,419	3,079,146
Total liabilities and member's equity	<u><u>\$ 5,396,252</u></u>	<u><u>\$ 4,028,336</u></u>

See notes to financial statements.

BNI Franchising, LLC**Statement of Operations****Years Ended December 31, 2023 and 2022**

	2023	2022
Net Revenue	\$ 6,502,492	\$ 5,726,363
Operating Expenses	5,281,609	4,527,142
Net Income	<u>\$ 1,220,883</u>	<u>\$ 1,199,221</u>

See notes to financial statements.

BNI Franchising, LLC**Statement of Member's Equity****Years Ended December 31, 2023 and 2022**

Balance - January 1, 2022	\$ 3,937,893
Net income	1,199,221
Distributions to affiliated entities	(2,860,144)
Contributions from affiliated entities	<u>802,176</u>
Balance - December 31, 2022	3,079,146
Net income	1,220,883
Distributions to affiliated entities	<u>(414,610)</u>
Balance - December 31, 2023	<u>\$ 3,885,419</u>

BNI Franchising, LLC**Statement of Cash Flows****Years Ended December 31, 2023 and 2022**

	2023	2022
Cash Flows from Operating Activities		
Net income	\$ 1,220,883	\$ 1,199,221
Adjustments to reconcile net income to net cash from operating activities:		
Amortization of franchise license agreement	306,716	312,481
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(17,840)	(94,309)
Related party receivable	(2,139)	-
Prepaid expenses and other assets	15,000	12,995
Accounts payable	(27,345)	25,184
Related party payable	375,329	387,099
Deferred revenue and other liabilities	213,659	276,867
Net cash provided by operating activities	2,084,263	2,119,538
Cash Flows from Financing Activities		
Distribution to affiliated entities	(376,219)	(2,809,045)
Contribution from affiliated entities	-	802,176
Net cash used in financing activities	(376,219)	(2,006,869)
Net Increase in Cash	1,708,044	112,669
Cash - Beginning of year	1,350,011	1,237,342
Cash - End of year	\$ 3,058,055	\$ 1,350,011
Significant Noncash Transactions - Distribution of franchise license agreement intangible asset	\$ 38,391	\$ 51,099

See notes to financial statements.

Notes to Financial Statements**December 31, 2023 and 2022****Note 1 - Nature of Business**

BNI Franchising, LLC (the "Company") was formed on November 11, 2014 and is a wholly owned subsidiary of BNI Global, LLC. The Company is engaged in the sale of area franchises for proprietary business network membership organizations located in the United States of America. During 2022, the Company sold a master franchise agreement in China. As of December 31, 2023 and 2022, the Company had approximately 102 and 106 franchised regions, respectively, in the United States of America (U.S.). The Company has one master franchise agreement in China as of December 31, 2023 and 2022.

Note 2 - Significant Accounting Policies***Basis of Presentation***

The financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Company collectively evaluates accounts receivables to determine the allowance for credit losses. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Company considers economic indicators impacting the industry, geography, and new customers that could stress their ability to pay when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Management considers all accounts receivable collectible, and, therefore, an allowance for credit losses has not been recorded at December 31, 2023 and 2022.

For the year ended December 31, 2022, the beginning balance of the Company's receivables from contracts with customers was \$435,064.

Franchise License Agreements

The franchise license agreement is subject to amortization, is stated at cost, and is amortized using the straight-line method over its estimated useful life. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable. The gross carrying amount of the franchise license agreements is \$4,537,769 and \$4,629,914 as of December 31, 2023 and 2022, respectively. The U.S. franchise agreements have a 5-year initial term subject to 5-year renewal periods for an estimated 15-year life. Amortization expense for the years ended December 31, 2023 and 2022 was \$306,716 and \$312,481, respectively, and accumulated amortization as of December 31, 2023 and 2022 was \$2,748,924 and \$2,495,962, respectively. Amortization expense for the franchise license agreements will be approximately \$300,000 for each of the next 5 years. During 2023 and 2022, the Company transferred intangible assets with a gross cost of approximately \$92,000 and \$104,000 and accumulated amortization of approximately \$53,800 and \$52,700, respectively, to BNI Global, LLC as a result of BNI Global, LLC's acquisition of these franchises, resulting in noncash distributions of approximately \$38,400 and \$51,100, respectively. Subsequent to year end, BNI Global, LLC reacquired additional franchises, for which the Company's related intangible asset will be distributed to BNI Global, LLC.

December 31, 2023 and 2022**Note 2 - Significant Accounting Policies (Continued)****Revenue Recognition****Overview**

The Company's revenue mainly consists of franchise fees, royalties, product sales, and conference fees. The Company sells individual franchises that grant the right to service customers within a defined territory using the franchise name. The initial term of franchise agreements is 5 years for franchises located in the U.S. and generally 10 years for franchises located outside of the U.S. The agreements have an option to renew for 5 years for franchises located in the U.S. and generally 10 years for franchises located outside of the U.S. for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

Performance Obligations

The Company has the obligation to provide franchisees with the franchise rights to service customers. The Company has concluded that this represents a single performance obligation. Therefore, initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the agreement is entered into. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income for royalties is recognized over the term of the respective franchise agreement as the underlying sales occur.

The Company also sells certain products and hosts an annual conference. Revenue is recognized at a point in time when the products are shipped and ownership transfers and when the conference occurs. Approximately \$174,000 and \$134,000 of product sales and conference fee revenue was recognized in 2023 and 2022, respectively. All other revenue was recognized over time, as discussed above.

Payment Terms

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties are paid on a monthly basis based upon 20 percent (U.S.) or 5 to 20 percent (international) of membership fees received each month by the franchisee. Product revenue is collected up front and is recognized as revenue immediately. Conference fees are typically collected prior to the holding of a conference. As a result, deferred revenue is created, which is not recognized as revenue until the performance obligation of holding the conference is realized. Franchise fees are collected upfront and, as a result, create a deferred revenue contract liability. The Company then defers franchise fee revenue over a 60-month and 120-month period for U.S. franchises and foreign master franchises, respectively, related to obligations of supporting the franchise.

Contract Balances

Contract liabilities consist of deferred revenue from upfront franchise fees and franchise renewal fees paid by franchisees, as well as conference ticket fee revenue collected in advance. Advance franchise fees are amortized to income using the straight-line method over a period of 5 and 10 years for U.S. franchises and foreign master franchises, respectively, which coincides with the initial franchise term. As of December 31, 2023, \$745,630 was recorded in deferred revenue. Deferred revenue at December 31, 2022 and January 1, 2022 was \$531,320 and \$251,887, respectively.

Current Revenue from Historical Periods

During the years ended December 31, 2023 and 2022, the amount of revenue that the Company recognized as a result of satisfying performance obligations that were previously partially satisfied associated with franchise agreements was approximately \$33,000 and \$87,000, respectively. There were no changes in collectibility or transaction price on these agreements.

Note 2 - Significant Accounting Policies (Continued)

Future Revenue from Current Period

The aggregate amounts of revenue the Company expects to recognize in future years as a result of satisfying the performance obligations associated with franchise agreements that have unsatisfied performance obligations as of December 31, 2023 are as follows: 2024 - \$203,603, 2025 - \$112,560, 2026 - \$112,560, 2027 - \$112,560, 2028 - \$112,560, and thereafter - \$91,787.

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

Costs to Obtain a Franchise Agreement

The Company does not have any incremental costs to obtain a franchise agreement.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The member is taxed individually on its ownership share of the Company's earnings. The Company's net income or loss is allocated to the member in accordance with the Company's operating agreement.

No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by the member on its income tax returns.

Restatement

The 2022 current deferred revenue balance has been restated to reflect the long-term portion of deferred revenue. The effect on the 2022 balances was to reclassify approximately \$400,000 from current to long term. There was no effect on member's equity or net income resulting from this restatement.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 23, 2024, which is the date the financial statements were available to be issued.

Notes to Financial Statements

December 31, 2023 and 2022

Note 3 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Administrative Fee

BNI Global, LLC provides administrative support services for the Company and its franchisees, including, but not limited to, personnel, accounting, marketing, printing, and all services and materials provided to the franchisees. For these services, the Company pays BNI Global, LLC an administrative fee. Administrative fees for the years ended December 31, 2023 and 2022 were approximately \$3,986,000 and \$3,231,000, respectively. BNI Global, LLC also allocates certain expenses related to the aforementioned services. Allocated expenses for the years ended December 31, 2023 and 2022 totaled approximately \$990,000 and \$930,000, respectively. If this were a stand-alone entity, additional expenses may have been incurred and/or allocated.

Collateral

The Company's assets serve as collateral for certain long-term notes payable of BNI Global, LLC and Corporate Connections Global, LLC (an entity affiliated through common ownership).

Accounts Receivable

At December 31, 2023, the Company had accounts receivable of \$2,139 due from Corporate Connections Global, LLC and Corporate Connections Franchising, LLC due to fees paid on behalf of the entities.

Accounts Payable and Accrued Expenses

At December 31, 2023 and 2022, the Company had accounts payable and accrued expenses due to BNI Connect related to fees collected on its behalf of \$762,548 and \$387,219, respectively.

Corporate Connections Franchising, LLC
(a wholly owned subsidiary of Corporate Connections Global, LLC)

Financial Report
December 31, 2022

Corporate Connections Franchising, LLC

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Independent Auditor's Report

To the Board of Directors
Corporate Connections Franchising, LLC

Opinion

We have audited the financial statements of Corporate Connections Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2022 and 2021 and the related statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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.

To the Board of Directors
Corporate Connections Franchising, LLC

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

April 4, 2023

Corporate Connections Franchising, LLC

Balance Sheet

		December 31, 2022 and 2021	
		2022	2021
Assets			
Current Assets - Cash		\$ 78,512	\$ 78,512
Liabilities and Member's Deficit			
Current Liabilities			
Related party payable (Note 3)		\$ 214,960	\$ 211,232
Contract liabilities - Deferred revenue		41,838	56,288
Total liabilities		256,798	267,520
Member's Deficit		(178,286)	(189,008)
Total liabilities and member's deficit		\$ 78,512	\$ 78,512

See notes to financial statements.

Corporate Connections Franchising, LLC**Statement of Operations****Years Ended December 31, 2022 and 2021**

	2022	2021
Net Revenue	\$ 14,450	\$ 10,450
Operating Expenses	3,728	22,223
Net Income (Loss)	\$ 10,722	\$ (11,773)

See notes to financial statements.

Corporate Connections Franchising, LLC

Statement of Member's Deficit

Years Ended December 31, 2022 and 2021

Balance - January 1, 2021	\$ (177,235)
Net loss	<u>(11,773)</u>
Balance - December 31, 2021	(189,008)
Net income	<u>10,722</u>
Balance - December 31, 2022	<u>\$ (178,286)</u>

See notes to financial statements.

Corporate Connections Franchising, LLC**Statement of Cash Flows****Years Ended December 31, 2022 and 2021**

	2022	2021
Cash Flows from Operating Activities		
Net income (loss)	\$ 10,722	\$ (11,773)
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	-	660
Related party payable	3,728	22,563
Deferred revenue	(14,450)	49,550
Net Increase in Cash	-	61,000
Cash - Beginning of year	78,512	17,512
Cash - End of year	<u><u>\$ 78,512</u></u>	<u><u>\$ 78,512</u></u>

See notes to financial statements.

December 31, 2022 and 2021

Note 1 - Nature of Business

Corporate Connections Franchising, LLC (the "Company") was formed on May 12, 2017 and is a single-member LLC and wholly owned subsidiary of Corporate Connections Global, LLC. The Company is engaged in the sale of area franchises for proprietary business network membership organizations, which offer business leadership training, structured peer performance evaluations and coaching, and referral networking services and assistance to referral groups or "chapters" for business executives located in the United States of America. As of December 31, 2022 and 2021, the Company had two franchised regions.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Trade Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. There was no allowance for doubtful accounts at December 31, 2022 and 2021. For the year ended December 31, 2022, the opening and closing balances of the Company's receivables from contracts with customers are shown on the balance sheet. For the year ended December 31, 2021, the beginning balance of the Company's receivables from contracts with customers was \$660.

Revenue Recognition

Overview

The Company's revenue mainly consists of franchise fees and royalties. The Company sells individual franchises that grant the right to service customers within a defined territory using the franchise name. The initial term of franchise agreements is five years, with an option to renew for five years for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

Performance Obligations

The Company has the obligation to provide franchisees with the franchise rights to service customers. The Company has concluded that this represents a single performance obligation. Therefore, initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the agreement is entered into. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income for royalties is recognized over the term of the respective franchise agreement as the underlying sales occur.

Payment Terms

Initial franchise fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties are paid on a monthly basis based upon 20 percent of membership fees received each month by the franchisee. Franchise fees are collected upfront and, as a result, create a deferred revenue contract liability. The Company then defers franchise fee revenue over a 60-month period related to obligations of supporting the franchise.

Note 2 - Significant Accounting Policies (Continued)

Contract Balances

Contract liabilities consist of deferred revenue from upfront franchise fees paid by franchisees. Advance franchise fees are amortized to income using the straight-line method over a period of five years, which coincides with the initial franchise term. As of December 31, 2022, \$41,838 was recorded in deferred revenue. Deferred revenue at December 31, 2021 and January 1, 2021 was \$56,288 and \$6,738, respectively.

Current Revenue from Historical Periods

During the years ended December 31, 2022 and 2021, the amount of revenue that the Company recognized as a result of satisfying performance obligations that were previously partially satisfied associated with franchise agreements was \$14,450 and 10,450, respectively. There were no changes in collectibility or transaction price on these agreements.

Future Revenue from Current Period

The aggregate amounts of revenue the Company expects to recognize in future years as a result of satisfying the performance obligations associated with franchise agreements that have unsatisfied performance obligations as of December 31, 2022 are as follows: 2023 - \$13,838, 2024 - \$12,000, 2025 - \$12,000, and 2026 - \$4,000.

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

Costs to Obtain a Franchise Agreement

The Company does not have any incremental costs to obtain a franchise agreement.

Income Taxes

The Company is a disregarded single-member LLC, ultimately treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The member is taxed individually on its pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated to the member in accordance with the Company's operating agreement.

No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by the respective partners on their income tax returns.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 4, 2023, which is the date the financial statements were available to be issued.

December 31, 2022 and 2021

Note 3 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Administrative Fee

Corporate Connections Worldwide Development Limited (affiliated through common ownership); Corporate Connections Global, LLC (parent company); and BNI Global, LLC (sister company of Corporate Connections Global, LLC) provide administrative support services for the Company and its franchisees, including, but not limited to, personnel, accounting, marketing, printing, warehousing, shipping, and all services and materials provided to the franchisees. For these services, the Company reimburses them for allocated expenses and pays them an administrative fee. Allocated expenses and administrative fees for the years ended December 31, 2022 and 2021 were approximately \$1,000 and \$22,000, respectively. If this were a stand-alone entity, additional expenses may have been incurred and/or allocated. Outstanding fees of \$214,960 and \$211,232 are included in payable to related party on the balance sheet at December 31, 2022 and 2021, respectively.

Collateral

The Company's assets serve as collateral for certain long-term notes payable of BNI Ultimate Holdings, LLC.

EXHIBIT B
FRANCHISE AGREEMENT



Franchise Agreement

BNI Franchising, LLC
3430 Toringdon Way, Suite 300
Charlotte, North Carolina 28277

BNI FRANCHISING, LLC
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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is dated to be effective as of _____, 20____ (the "Effective Date"), between **BNI FRANCHISING, LLC**, a Delaware limited liability company having its principal place of business at 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277, hereinafter referred to as "Franchisor" or "BNI", and [INSERT NAME OF FRANCHISEE ENTITY], of [INSERT ADDRESS OF FRANCHISEE ENTITY], hereinafter referred to as "Franchisee".

INTRODUCTION AND RECITALS

Franchisor and its predecessors, BNI Franchise Corporation and BNI Enterprises, Inc. ("BNIE") have invested considerable time, effort and money to develop a system (more fully defined below as the "BNI System" or "System") and method of operating a referral-based business networking organization and other related products and services (the "BNI Franchise") and have developed public goodwill and certain trade names, service marks and logos (some registered and some not) including, but not limited to, the marks BNI (in Word Mark and Logo Forms), BNI Online, Givers Gain, Local Business – Global Network, Changing the Way the World Does Business, International Networking Week, BNI Connect, Growing Forward Together, and BNI+ (collectively referred to as "BNI Marks"). BNI has the right to license the BNI Marks for the sale of BNI Franchises.

BNI and Franchisee agree that BNI may delegate the performance of some of its obligations under this Agreement to BNI Global, LLC. Regardless of any performance of any obligations under this Agreement by BNI Global, LLC, BNI Global, LLC shall not be held liable or responsible by Franchisee for any performance or lack thereof of any obligations under this Agreement. BNI and BNI Global, LLC are independent of each other and BNI is solely responsible for the performance of any and all obligations under this Agreement.

BNI is engaged in the business of granting franchises to operate BNI Franchises using certain standards, product specifications and operating procedures under the BNI System and the BNI Marks.

Franchisee recognizes there will be certain benefits to be derived from being identified with the BNI System and licensed by BNI to use its name and the BNI Marks. Franchisee To be a member of the BNI System Franchisee must recognize the value of uniformity in a system of operating and developing business networking organization and referral groups ("Chapters"), and that through its participation in the BNI System it will receive BNI's knowledge and experience gained through the operation of BNI Franchises and the value of the BNI Marks.

Franchisee desires to acquire and operate a BNI Franchise (the "Franchised Business") within the area set out in Exhibit A herein ("Territory") for the entire Term of this Agreement (as defined below), Franchisee acknowledges receipt of a copy of the Franchise Disclosure Document of BNI.

The parties therefore agree as follows:

ARTICLE 1 **DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings indicated unless a different meaning is plainly required by the context:

1.1 "Ambassador" means a voluntary position that assists the management team and supports

the Leadership Team and Support Leadership Team.

1.2 “Area Director Consultant” or “Area Director” means a Director/Director Consultant that manages and assists the Executive Director or Senior Director Consultant/Managing Area Director in operating Chapters in a region where the Franchisee may not be located.

1.3 “BNI” is defined above and throughout this Agreement refers only to BNI. It is agreed that BNI may delegate some of its obligations under this Agreement to one or more of its affiliates. Franchisee agrees to not hold such affiliates liable for the performance of or lack of performance of any obligations under this Agreement. Franchisee understands and agrees that BNI and its affiliates are separate and independent entities and that such affiliates are not a party of this Agreement.

1.4 “BNI Marks” means the marks BNI (both the word mark and the logo), BNI Online, Givers Gain, Local Business – Global Network, Changing the Way the World Does Business, International Networking Week, and BNI Connect, which have been registered in the United States, and any other marks BNI designates for use in the Territory.

1.5 “BNI Orientation Leaders and Trainers” means instructors for the Executive Director Training and other orientation programs that are sufficiently knowledgeable and capable to provide instruction and orientation and training regarding sales promotion and methods of operating according to the BNI System.

1.6 “BNI System” means the BNI system and method of operating a referral-based business networking organization employing the proprietary BNI Marks and using certain distinctive and uniform methods and techniques for providing high quality BNI Franchise services, methods of operation, software, copyrights, trade secrets, all or some of which BNI periodically may delete, change, improve or further develop.

1.7 “BNI U.S. National Director” means an individual designated by BNI to oversee the operations of BNI franchises in the United States.

1.8 “BNI’s Branding Standards” means the branding standards provided by BNI as located at www.bnibranding.com/director-materials or any other location provided by BNI.

1.9 “BNI Branding Standards Policy Memorandum” means any policy memorandum for branding standards issued by BNI.

1.10 “Chapter” means a business networking organization and referral group consisting of business persons operating under the BNI System within a Territory. There can be more than one Chapter in a Territory.

1.11 “Chartered Chapter” means a Chapter with twenty-five (25) or more Members.

1.12 “Continuing Royalty” means the monthly fee paid by Franchisee to BNI for the use of the BNI System and BNI Marks pursuant to Article 4.3.

1.13 “Core Group” means a group of membership applicants that have been accepted as potential members and allowed to participate in a group while such group is working to qualify as a Chapter.

1.14 “Core Group Application Fees” means the then-current application fee for membership plus any other fees associated with the Core Group (exclusive of membership dues).

1.15 “Director” or “Director Consultant” means an individual trained in the BNI System to assist in the management and operation of the Franchised Business including training and educating leadership teams and Members about the BNI System, starting new Chapters, evaluation of existing Chapter meetings, and the handling of questions and problems from leadership teams and Members.

1.16 “Directors Materials” means all materials periodically developed which describe the standard procedures, policies, rules and regulations, whether in written or electronic medium, established by BNI and incorporated in BNI’s operations manual(s), including its Support Director Consultant Orientation Manual and Launch Director Consultant Orientation Manual, for use in the BNI System, including all policy memoranda, bulletins, supplements, supplemental policy memoranda, ancillary manuals, videos, digital video or versatile discs, electronic media, compact discs, video or audio cassettes, any electronic medium, manuals, guidelines, systems, recommendations and notices. The Directors Materials does not include the forms provided to Leadership Team and Support Team Members used in the education process of the BNI System that are provided to the public pursuant to approval by BNI.

1.17 “Effective Date” means the date set forth at the top of this document after the Agreement has been signed by both parties hereto.

1.18 “E-mail Address” means an e-mail address that Franchisee is required to provide to Franchisor (that is not a BNI.com email) to which Franchisor may send any communications associated with the Franchised Business and this Agreement.

1.19 “Executive Director” means the Principal Owner of the Franchisee who has successfully completed the Executive Director Training.

1.20 “Executive Director Training” means the initial training program provided to Franchisee’s Principal Owner.

1.21 “Initial Franchise Fee” means the fee a Franchisee pays to Franchisor for the Franchised Business pursuant to Article 4.1.

1.22 “Initial Supplies” means the supplies needed to establish and operate a Franchised Business.

1.23 “Launch Director Consultant Orientation” means the orientation that an individual must complete prior to becoming a Director/Director Consultant.

1.24 “Launch Director Consultant Orientation Manual” means the introductory documents concerning the BNI System of launching and chartering Chapters.

1.25 “Leadership Manual” means all materials periodically developed which describe the standard procedures, policies, rules and regulations, whether in written or electronic medium, established by BNI for use in the BNI System, including all policy memoranda, bulletins, supplements, supplemental policy memoranda, ancillary manuals, videos, digital video or versatile discs, electronic media, compact discs, video or audio cassettes, any electronic medium, manuals, guidelines, systems, recommendations and notices. The Leadership Manual does not include the forms provided to Leadership Team and Support Team Members used in the education process of the BNI System that are provided to the public pursuant to approval by BNI.

1.26 “Leadership Team” means the president, vice-president and secretary/treasurer of the

Chapter.

1.27 “Manager” shall mean a full-time supervisor who is appointed by Franchisee, and approved by Franchisor to supervise the Franchised Business. In certain extremely limited circumstances, Franchisor may agree that a Principal Owner need not personally perform the direct, on-site supervision of the Franchised Business operations. Under certain limited circumstances, Franchisor may approve a Manager who has successfully completed the Executive Director Training program, to directly perform on-site supervision of the Franchised Business operations while residing in the Territory. Manager must be a bona fide manager, as determined by Franchisor. If approved by Franchisor, the Manager must execute the then-current Non-Solicitation, Non-Disclosure and Non-Compete Agreement in a form approved by BNI and compliant with applicable laws, devote full-time exclusive attention and effort to the operation of the Franchised Business, not operate any another business without written approval of Franchisor, and meet such standards as may be reasonably imposed by Franchisor. The Manager must reside in the Territory and have the authority to handle issues that may arise in the Territory. The Manager must be authorized to bind the Franchisee in respect to issues related to Franchisor and the Franchised Business.

1.28 “Principal Owner” is an Owner for all purposes under this Agreement, except that the Principal Owner shall have primary responsibility for the management of the Franchised Business and shall have the authority to make all decisions on behalf of the Franchisee. The Principal Owner's decisions will bind Franchisee. The Principal Owner will serve as the principal contact with Franchisor. The Principal Owner shall reside in the Territory and shall own not less than fifty-one percent (51%) of the equity ownership of the Franchisee entity, and must successfully complete Executive Director Training and must devote his/her best efforts in the management and operation of the Franchised Business.

1.29 “Members” or “Customers” means non-competing business people that are inducted into a BNI Chapter for the purpose of receiving education about business networking and generating prospective referrals using the BNI System, and participating as defined in the Operations Manual(s).

1.30 “Membership Lists” means all Member lists and records for the Territory, both active and inactive, which includes, but is not limited to, names, addresses, and telephone numbers of such Members.

1.31 “Operating Management System” means the database management system and any software that Franchisor requires to be used in Franchised Business.

1.32 “Owner” means any individual or entity (including all spouses, partners, members or shareholders of such individual or entity) that now or hereafter, directly or indirectly owns a ten percent (10%) or greater interest in Franchisee, whether or not such interest is of record, beneficially or otherwise. The term “Owners” shall also include individuals, partners, members and shareholders (and spouses of such individuals, partners, members and shareholders) with an ownership interest of ten percent (10%) or more in any partnership, corporation or limited liability company that holds a controlling interest in the Franchisee entity. The Owner(s) shall be identified in Exhibit C to this Agreement. As used in this Agreement, any reference to Owner includes all Owners.

1.33 “R&D Contribution” means the fee to be paid by Franchisee to BNI to help support BNI's efforts in, among other things, (i) updating and enhancing BNI's Operating Management System, (ii) creating, or having third party create, new technology-related, value-added Franchisee and/or member focused programs, (iii) developing and launching, or having third party develop and launch, new marketing-related technology-based programs and activities, such as marketing automation, and

(iv) maintaining the foregoing by way of an operating expense. None of the foregoing shall preclude BNI from separately developing other programs with its separate/separately derived consideration even if such programs overlap with or could be deemed to fall within the scope of programs that might otherwise be supported by the R&D Contribution.

1.34 “Renewal” means the renewal of this Agreement pursuant to Article 3.3.

1.35 “Renewal Fee” means the fee paid by the Franchisee to BNI for any Renewal pursuant to Article 3.3.

1.36 “Senior Director Consultant” or “Managing Area Director” means a Director /Director Consultant that assists the Executive Director in the operation of the Franchised Business in the Territory.

1.37 “Support Director Consultant Orientation” means the orientation that an individual must complete prior to becoming a Director/Director Consultant.

1.38 “Support Director Consultant Orientation Manual” means the introductory documents concerning the BNI System of maintaining Chapters, adding new Members, retaining current Members and introduction to BNI Leadership Teams.

1.39 “Support Leadership Team” means membership committee, educational coordinator, visitor host, event coordinator, growth coordinator and special/ad hoc committee.

1.40 “Temporary Manager” means an individual appointed by Franchisee’s Principal Owner, subject to Franchisor’s approval, at any time prior to a disability or death of Principal Owner, that will supervise and operate the Franchised Business during any such disability or death of Franchisee’s Principal Owner until a successor Principal Owner is appointed and approved by Franchisor.

1.41 “Term of Agreement” means the term of this Agreement pursuant to Article 3.2.

1.42 “Transfer” or “Assignment” means the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by Franchisee or any of its Owners of any interest in or grant of any security interest in (a) this Agreement; (b) the Franchised Business; (c) Franchisee; or (d) some or all of the assets of the Franchised Business (other than inventory items in the ordinary course of business).

1.43 “Transfer Fee” means the fee Franchisee is required to remit to BNI in accordance with Article 15.3 for any Transfer.

1.44 The parties agree that in this Agreement a reference to an Article, Section, Exhibit or a party is a reference to an Article or Section of or an Exhibit or party of this Agreement, unless the context clearly indicates another intention. The Exhibits and Recitals form part of this Agreement and any reference to this “Agreement” includes the Exhibits and Recitals.

ARTICLE 2

GRANT OF FRANCHISE

2.1. BNI hereby grants to Franchisee, and Franchisee accepts, the right to open and operate, within the Territory, one (1) Franchised Business according to the stated terms and conditions hereinafter set forth using only the BNI Marks, trade names, logos and emblems approved by BNI.

Pursuant to this Agreement, the Franchised Business will consist of the development and operation by Franchisee of Chapters composed of twenty-five (25) or more Members, unless otherwise approved in writing, for the purpose of helping Members increase their business through a structured, positive, and professional “word-of-mouth” program that enables them to develop long-term, meaningful relationships with other business professionals using the BNI System.

2.2. Franchisee must conduct the Franchised Business within the limits or boundaries of the Territory. Franchisee shall restrict the offering of products and services by the Franchised Business to the products and services approved by BNI in writing and no other products or services. Franchisee is restricted from operating any other type of business in association in any way with the BNI Franchise without prior written permission from BNI. Franchisee’s Principal Owner must reside within the Territory granted by this Agreement. While Franchisee may accept Members from other territories, Franchisee may not actively solicit Members outside its Territory to become Members of Chapters within the Territory.

2.2.1. If we permit Franchisee, in our sole discretion, to service Chapters in areas outside the Territory that are not serviced by another franchisee (any such Chapter being located in a “Territory Available for Sale” or “TAFS”), Franchisee must comply with all of the conditions and other requirements that Franchisor may from time to time specify (in the operations manual or otherwise in writing) with respect to such activities. At any time upon Franchisor’s demand or upon Franchisee’s actual notice that a TAFS has been purchased by another franchisee (or for any other reason), Franchisee agrees to immediately cease all activities in such TAFS and to comply with Franchisor’s procedures for the transition of Chapter accounts for such TAFS, if applicable.

2.3. Non-Individual Franchisee, Corporations, Limited Partnerships, Limited Liability Companies and other such Entities.

- a. Each Owner of the Franchisee shall complete Exhibit C. BNI reserves the right to approve the type ownership of Franchisee.
- b. If there is more than one (1) Owner of the Franchisee, the Principal Owner shall be required to qualify as Franchisee hereunder as if he/she were the only Owner.
- c. Franchisee’s Principal Owner must reside within the Territory granted by this Agreement.
- d. At least fifty-one percent (51%) of the ownership of Franchisee shall be beneficially held by Principal Owner.
- e. Each individual Owner of the Franchisee must sign an unconditional guarantee for all obligations under this Agreement, in the form included with this Agreement as Exhibit E and the Owners’ spouses, if any, must sign a spousal limited guaranty in the form included with this Agreement as Exhibit F.

2.4. Rights Reserved to BNI. This license is specifically limited to the Territory and does not grant rights of any kind to any other area, market or development area, nor does it grant rights to use in the metaverse. While this Agreement is in effect, and so long as Franchisee satisfies all obligations under this Agreement and is in full compliance with the terms of this Agreement, BNI will not establish, or license any third party to establish, any BNI Franchises within the Territory. However, BNI may promote the sale and operation of franchises outside the Territory without any interference from

Franchisee. All other rights in connection with the use of the BNI Marks and the BNI System are expressly reserved to BNI, including but not limited to concepts operating through the Internet, in the metaverse, or other marketing-based channels. BNI has and retains the right, among others, to develop and establish other systems within or outside the Territory using the BNI Marks, or any other proprietary marks, and to grant licenses to such systems, including but not limited to the Corporate Connections program, without providing any such rights to Franchisee. It is understood that the BNI Franchise system currently uses a database management, website and social media tool which allows Members from outside the Territory to interact with Members in the Territory. Operation of the Operating Management System shall not be deemed a competing or interfering business and shall not be a violation of this Agreement.

ARTICLE 3 **TERM OF AGREEMENT**

3.1 Effective Date. This Agreement is effective upon execution by both parties. The date first written above shall represent the effective date of this Agreement (“Effective Date”).

3.2 Term. The initial term of this Agreement shall be five (5) years from the Effective Date (“Term of this Agreement”), subject to earlier termination as provided in this Agreement and subject to renewal of the term of this Agreement pursuant to Article 3.3 (“Term of this Agreement”).

3.3 Renewal of this Agreement. Franchisee may request renewal upon the expiration of this Agreement for successive terms (“Renewal”) by sending a request to BNI in writing at least six (6) months, and no more than one (1) year, prior to the expiration of this Agreement. BNI is not required to renew this Agreement or offer you a successor agreement unless required by law. Any renewal is subject to compliance with all conditions of Section 3.3. Failure to provide BNI such written request as required by this Section shall be deemed as a non-renewal of this Agreement by Franchisee, and BNI shall have the right to proceed as it deems necessary to protect its interests in the Territory with the understanding that such non-renewal is pursuant to Franchisee not wanting a Renewal despite any subsequent actions and/or communications by Franchisee. BNI is not required to provide Franchisee with any notice concerning the upcoming expiration of this Agreement and Franchisee is solely responsible and required to keep track of the expiration date of this Agreement. BNI shall have up to ninety (90) days from receipt of such written request from Franchisee to provide Franchisee a written response that may be an approval, a denial, or an extension of time to provide approval or denial. If the request is not ultimately denied by BNI, then Franchisee shall complete the remaining conditions under this Section prior to the Renewal being granted. Upon acceptance of the offer for Renewal, in order to complete the Renewal, the Franchisee shall comply with all of the following and failure to so comply prior to the expiration of this Agreement shall automatically terminate this Agreement upon such expiration date:

- a. Franchisee and its Owners shall be in compliance with this Agreement and bring the Franchised Business into compliance with specifications and standards then applicable for new BNI Franchises, including any applicable re-imaging; and
- b. Franchisee and its Owners shall execute a general release of any and all claims that Franchisee and its Owners have or may have at that time against BNI, its officers, directors, agents, representatives and employees in the form prescribed by BNI; and
- c. Franchisee and its Owners shall satisfactory complete a standard criminal history background check and financial background check; and

- d. Franchisee and its Owners shall participate in a business plan presentation (“Regional Business Plan Meeting”) which may include, among other things, in-person meeting with leadership team at BNI’s then-current offices and presentation by Franchisee of its vision and strategy for growth in its Territory.
- e. Franchisee and its Owners shall execute a new franchise agreement in the form then being used by BNI, which may materially differ from this Agreement as to term, fees, services, terms, provisions and obligations; and
- f. Franchisee shall remit to BNI a renewal fee in the amount of twenty-five percent (25%) of the current Initial Franchise Fee (“Renewal Fee”); and
- g. Franchisee shall complete and/or execute any other documents that are required by BNI and provide any additional information that is required by BNI; and
- h. Franchisee shall complete any training required by BNI at that time.

If this Agreement expires by its terms without any renewal, Franchisee shall comply with all post-termination provisions in this Agreement, each of which shall survive the expiration of this Agreement.

3.4 No Franchisee Right to Terminate. There are no conditions contained in this Agreement under which Franchisee may terminate this Agreement prior to the expiration of the Term of this Agreement except by mutual agreement with BNI and execution of a mutual release, or by sale of the Franchised Business to another franchisee in good standing or to a qualified third party in accordance with this Agreement.

ARTICLE 4

FEES AND PAYMENTS

4.1 Initial Franchise Fee. In consideration of the Franchised Business granted in this Agreement by BNI to Franchisee, Franchisee shall pay to BNI, upon the Effective Date, an Initial Franchise Fee (the “Initial Franchise Fee”), as identified in Exhibit I. The Initial Franchise Fee shall be calculated using the total population of the Territory granted to Franchisee, according to the following formula: \$35,000 for the first two hundred and fifty thousand (250,000) people in Franchisee’s Territory, plus \$150 per each one thousand (1,000) people over 250,000. *Example:* If a franchisee purchases a Franchised Business with a Territory population of 300,000, franchisee’s Initial Franchise Fee would be \$42,500 (\$35,000) + [(300,000 – 250,000)/1000 x \$150 = \$7,500].

The Initial Franchise Fee does not include any amount for taxes. As required pursuant to this Agreement, Franchisee is responsible for all taxes owed by Franchisee for any part of the Initial Franchise Fee, if applicable. If BNI is required by law to collect taxes from Franchisee for any part of the Initial Franchise Fee, then Franchisee shall remit payment to BNI for such taxes in addition to the Initial Franchise Fee upon the Effective Date. Franchisee hereby acknowledges and agrees that the grant of this Franchised Business and the agreements of BNI contained in this Agreement including, without limitation and as applicable, pre-opening assistance and training, constitute the only consideration for the payment of the Initial Franchise Fee, and the Initial Franchise Fee is fully earned by BNI upon the Effective Date as defined in this Agreement. In that regard, upon the payment of the Initial Franchise Fee, it is deemed fully earned and non-refundable in consideration of the administrative and other expenses incurred by BNI granting this Franchised Business and for BNI’s lost or deferred opportunity to offer to sell or sell this franchise to others. The Initial Franchise Fee

will not be due for any subsequent renewal terms of this Agreement and, instead, Franchisee will be required to pay the Renewal Fee described in Section 3.3(f), above.

4.2 Supplies, Materials and Software. Upon the Effective Date, Franchisee shall purchase, from BNI or its authorized supplier, initial supplies, materials and software licenses for the operation of the Franchised Business in the amount of Seven Thousand Two Hundred Dollars (\$7,200) ("Initial Supplies"). Initial Supplies includes all kits required for new Members as determined by BNI ("Member Success Kits") at the then current cost per kit (Twenty Dollars (\$20) currently), and one (1) Chapter Branding Kit per launched Chapter at the then current cost per kit (currently four hundred and ninety-nine (\$499)), as well as any other necessary supplies that BNI may require to be purchased from BNI or its authorized supplier(s). BNI has the sole discretion to change the cost of the Member Success Kits and/or the Chapter Branding Kit. If Franchisee desires to purchase any necessary supplies or copyrighted material for the Franchised Business from another supplier, then, prior to such purchase, such supplier must be approved by BNI in writing. Franchisee will be responsible for payment of any and all shipping and handling costs, all taxes and any other costs associated with the transportation of the Initial Supplies. To ensure proper branding, BNI reserves the right to require Franchisee to purchase the then-current BNI Chapter Branding Kit for every Chapter to utilize and display it during all BNI Chapter meetings. BNI also reserves the right to require Franchisee to purchase and provide to each new Member of the Chapter the then-current Member Success Kit. For existing Franchisees or Franchisees that already have Chapters in existence, Franchisee will certify, in a form as annexed hereto as Exhibit B that Franchisee currently has the minimum supplies required of a new BNI Franchise without any Chapters, or Franchisee will immediately purchase, from BNI or its authorized supplier, the necessary supplies, materials and software licenses for the operation of the Franchised Business as set forth in Exhibit B.

4.2.1 BNI Online® and BNI Hybrid. BNI has developed two new meeting formats, BNI Online® and BNI Hybrid. BNI Online® is a virtual online tool to serve as an alternative to in-person Chapter meetings when in-person meetings are not possible and has now become one of our permanent options for meetings. The program consists of a virtual online meeting platform, a meeting manual/agenda/script, and a customized PowerPoint deck. BNI Online® Chapters are Chapters that meet permanently online using video conferencing software each week. BNI Hybrid Chapters are Chapters that meet the first week in person and the remaining weeks online. BNI may change the schedule of in-person and online meeting cadences for BNI Hybrid Chapters in the future. BNI may, in its sole discretion, alter or stop the use of BNI Online® at any time without prior individual written notice to Franchisee.

In order to help facilitate BNI Online® and BNI Hybrid meetings, BNI has worked with Zoom Video Conferencing to assist you to set up the necessary digital platform. Franchisee can sign up for the enterprise account with Zoom for Ninety-Five Dollars (\$95) or the then most current cost per license ("Video Conferencing License"), which shall renew annually in March unless otherwise noted. Should Franchisee require more than one license, the costs will be multiplied accordingly. Where Franchisee has multiple Chapters that meet on the same day with overlapping times, multiple licenses will be required as BNI strongly recommends that each Chapter utilize their own BNI Zoom license. Franchisee's Zoom license can only be used by one user at a time and as a result, we anticipate that Franchisee will need multiple licenses in order to support its BNI Online® or BNI Hybrid. This price is subject to change at any time and without notice. The Zoom license fee paid to BNI shall not be refunded for any reason and upon expiration or termination of this Agreement for any reason the Zoom license granted to Franchisee through BNI terminates as of the date of termination or expiration of the this Agreement. Franchisee must agree in writing to Zoom's terms and conditions (available at <https://www.zoom.us/terms>). Franchisee agrees to indemnify and hold harmless BNI, its parents, affiliates, and their respective officers, directors, and employees from and against any

claims, damages or losses resulting from Franchisee's acts and/or omissions in using the Zoom licenses. BNI reserves the right to change the third-party video conferencing provider or add an additional third-party video conferencing provider at any time and in its sole discretion with prior notice to Franchisee.

Franchisor reserves the right to inspect any Chapter meetings occurring through Zoom and access your Zoom accounts at any time and without prior notice.

Franchisee shall make the initial payment for its license(s) prior to opening its Franchised Business. BNI shall not be responsible for any damages that Franchisee may suffer as a result of its use of the BNI Online® platform or Zoom.

4.3 Continuing Royalty. Franchisee shall pay Franchisor a monthly fee equal to twenty percent (20%) of Gross Revenues as defined herein ("Continuing Royalty") for the use of the BNI System and BNI Marks. Franchisee shall remit to BNI the Continuing Royalty on or before the fifteenth (15th) of each month based on the previous month's Gross Revenues. Franchisee shall remit to BNI a royalty report and a goal progress report as required by BNI with the remittance of the Continuing Royalty each month. Submittal of the required report and payment of the Continuing Royalty in readily available funds must be received by BNI no later than the 15th of the month in which they are due or be subject to the late fees as provided below in the Article. The Continuing Royalty is an obligation that is separate and apart from any other financial obligation that Franchisee has to BNI. Any payment of the Continuing Royalty that is not in compliance with this Article is a material breach of this Agreement.

4.3.1. Continuing Royalty; Out of Territory. Franchisee shall pay Franchisor Out of Territory Continuing Royalty ("OOT Continuing Royalty") in the amount of twenty percent (20%) of the prior month's Gross Revenues received or receivable by Franchisee in and from servicing Chapters located in TAFS. Franchisee shall remit to BNI the OOT Continuing Royalty on or before the fifteenth (15th) of each month based on the previous month's Gross Revenues. Franchisee shall remit to BNI a royalty report as required by BNI with the remittance of the OOT Continuing Royalty each month. Submittal of the required report and payment of the OOT Continuing Royalty in readily available funds must be received by BNI no later than the 15th of the month in which they are due or be subject to the late fees as provided below in the Article. The OOT Continuing Royalty is an obligation that is separate and apart from any other financial obligation that Franchisee has to BNI. Any payment of the OOT Continuing Royalty that is not in compliance with this Article is a material breach of this Agreement.

4.4 Gross Revenues. The term "Gross Revenues" means all sums received or receivable by Franchisee in and from the operation of the Franchised Business, including, but not limited to, sums received from fees paid by Members called application and participation Fees (or other fees that may be added in the future), including any applicable associated late fees. There shall be deducted from Gross Revenues for purposes of said computation (but only to the extent that they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to Members. Unless BNI agrees otherwise, once the Continuing Royalty is paid, it shall be non-refundable. Franchisee shall not give any free memberships unless pre-approved in writing by BNI. Should Franchisee provide its Members, employees, agents, contractors, or representatives with membership without concurrent payment (e.g., tolling of membership dues), said membership and application fees (or other fees that may be added in the future) shall be included as part of Gross Revenues as if paid in full at that time by a Member, unless provided otherwise by BNI in writing or in any then current policy memorandum issued by BNI. BNI shall provide reasonable advance written

notice of any revision to its current policy memorandum that changes which fees are included in, or excluded from, the definition of Gross Revenues. Gross Revenues shall include any applicable Core Group Application Fees (following thirty (30) days' notice of the Operating Management System's being enabled to account for such fees, if not yet so enabled) but shall not include any R&D Contribution.

4.5 Other Fees, Costs, Expenses, Taxes, Etc. Franchisee shall remit to BNI any and all payments fees, costs, expenses, taxes and charges which are paid by BNI, in BNI's sole discretion and without any obligation to do so, on behalf of Franchisee in connection with products, services, supplies, marketing materials, equipment, goods, materials or inventory furnished to Franchisee by BNI or by any third party, or otherwise, including, but not limited to, amounts paid to vendors, contractors, insurance carriers and any sales, use, transfer or other taxes, assessments or charges paid to governmental agencies arising from the existence, operation or maintenance of the BNI Franchise.

4.6 Method of Payment. Franchisee shall remit all payments due to BNI under this Agreement by electronic funds transfer in readily available funds as set out herein or in any other form that BNI may require.

4.7 Training Fees. Franchisee must remit to BNI an Executive Director Training Fee in the amount of One Thousand Eight Hundred Dollars (\$1,800) per attendee. Franchisee must remit to BNI a Support Director Consultant Orientation Fee in the amount of Nine Hundred Dollars (\$900) per attendee. Franchisee must remit to BNI a Launch Director Consultant Orientation Fee in the amount of Nine Hundred Fifty Dollars (\$900) per attendee. If applicable, an Executive Director who has successfully completed the Support Director Consultant Orientation or Launch Director Consultant Orientation in the past 24 months and paid the respective training fees, then such Executive Director or their employee/independent contractor can attend the Support Director Consultant Orientation and Launch Director Consultant Orientation for a reduced training fee of Four Hundred Fifty Dollars (\$450). Each respective training fee must be remitted to BNI prior to attending the Executive Director Training, the Support Director Consultant Orientation, or Launch Director Consultant Orientation. Each respective training fee is subject to change at any time at the sole discretion of BNI. Franchisee shall pay for all travel, room and board, living expenses, employee wages and workers' compensation insurance during the Executive Director Training, the Support Director Consultant Orientation and Launch Director Consultant Orientation. Franchisee is required to attend and complete the Executive Director Training to BNI's satisfaction at a schedule arranged by Franchisor. The Franchisee shall fulfill all mandatory training requirements of an Executive Director that BNI has in place at the time of the purchase. BNI may also offer optional additional training programs to franchisees and may charge a fee for these trainings.

4.8 Late Payments and Remedies. Any Continuing Royalty or any other fee or payment owing to BNI that is late shall incur a fee of three percent (3%) of the outstanding amount, or the maximum allowed by law, whichever is more. At any time, Franchisee has an outstanding amount due under this Agreement, BNI may collect such outstanding amount from any funds due to Franchisee held by BNI or an affiliate of BNI. In addition, any amount owed to BNI that is outstanding more than thirty (30) days shall incur interest at a rate of one and one-half percent (1.5%) per month or the maximum allowed by law, whichever is more. Nothing in this Agreement is to be construed to mean that Franchisee shall pay, or has contracted to pay, any sum in excess of that which may lawfully be charged or contracted for under any applicable law. The intention of the parties is to conform strictly to applicable usury laws, and it is agreed that if an excess is inadvertently collected, it shall be applied to reduce the amount of any fees owed by Franchisee under this Agreement. No claim by Franchisee that BNI is in default under any provision hereof shall be a defense to a claim by BNI for Continuing

Royalties or other amounts owing hereunder. Franchisee shall not, on the grounds of the alleged non-performance by BNI of any of its obligations hereunder, withhold payment of any amounts due to BNI.

4.9 Applicable Law. Franchisee understands that it may be required, under applicable federal, state or local law, to secure permission from the appropriate government authority to operate a BNI Franchise. Franchisee is solely responsible to familiarize itself, and comply with, all applicable federal, state and local laws, and BNI has made no representations as to the nature of such laws or Franchisee's ability to qualify under such laws. Franchisee is responsible for any local or state sales tax, or any other tax applicable to the purchase of the BNI Franchise and/or the supplies included in the Initial Franchise Fee.

4.10 Research and Development Contribution. You shall pay us, or a third party designated by us, a continuing monthly Research & Development Contribution as defined in Article 1, in the then-current amount, currently in the amount of \$36 per every new and renewing Member per year paid in the month following such member's joining or renewing, respectively ("R&D Contribution"). We reserve the right to increase the R&D Contribution amount every 2 years from the date of last increase regardless of the Effective Date of this Agreement, and may do so upon a 60-day notice to you.

4.11 Minimum Annual Royalty Fee. If applicable, Franchisee will pay Franchisor a Minimum Annual Royalty Fee (the "Minimum Annual Royalty Fee"). The Minimum Annual Royalty Fee will be payable by January 31st of each year, as set forth in Exhibit I, but only if Franchisee's Continuing Royalty payments for the preceding Measurement Period (the "Measurement Period"), are less than the Continuing Royalty Annual Target (the "Annual CR Target"). The Measurement Period shall be the twelve (12) months from October 1st to September 30th. The Franchisor will calculate the Annual CR Target once per year, following the end of each Measurement Period, as follows:

i) Franchisor shall determine the annual Continuing Royalty amounts paid by each BNI franchisee in the United States that were both: 1) operating from October 1st to September 30th; and 2) had at least twenty-five (25) Members in each territory (the "Measurement Group");

ii) Franchisor shall determine the Continuing Royalty per population Multiple (the "CR Multiple"), for each BNI franchisee in the Measurement Group, by dividing each BNI franchisee's total annual Continuing Royalties by the corresponding territory population;

iii) Franchisor shall sort all BNI franchisees in the Measurement Group by their CR Multiple, from highest to lowest. The CR Multiple corresponding to the 25th percentile shall be the National Minimum Annual Royalty Standard (the "National Minimum Annual Royalty Standard"); and

iv) Franchisor will multiply the National Minimum Annual Royalty Standard by Franchisee's Territory Population to determine Franchisee's Annual CR Target.

If Franchisee's actual Continuing Royalties paid during the preceding Measurement Period are less than Franchisee's Annual CR Target, the difference shall become due and payable by Franchisee. Such difference shall be the Minimum Annual Royalty Fee. Franchisee shall be subject to compliance with the Minimum Annual Royalty Fee requirements, commencing with the second Measurement Period following the Effective Date.

Notwithstanding the foregoing, if this Agreement is a successor to or renewal of a prior franchise agreement under which Franchisee operated the Franchised Business, then Franchisee shall be

subject to compliance with the Minimum Annual Royalty Fee requirements, commencing with the first Measurement Period following the Effective Date.

Example: For a franchisee subject to compliance with the Minimum Annual Royalty Fee requirements, with a territory population of 1,250,000, when the National Minimum Annual Royalty Standard was .01825, if the franchisee paid a total of twenty thousand dollars (\$20,000) in Continuing Royalty for the preceding Measurement Period, the Minimum Annual Royalty Fee due to Franchisor, would be \$2,812.50 ($[1,250,000 \times .01825] - \$20,000 = \$2,812.50$).

4.12 Membership Valuation Fee. If applicable, Franchisee will pay Franchisor a Membership Valuation Fee (the "Membership Valuation Fee") as set forth in Exhibit I, for any pre-existing Members in the Territory. The Membership Valuation Fee will be due and payable by Franchisee in one lump sum, fully earned by Franchisor, and non-refundable, at the time of signing the Agreement. The Membership Valuation Fee shall be calculated as follows: (Number of existing Members in Territory) x (the retention percentage) x (the membership fee).

Example: For a franchisee with one hundred and fifty (150) pre-existing Members in the Territory, a retention percentage of 50% and a membership fee of \$1,060, the Membership Valuation Fee due to Franchisor would be \$79,500 ($150 \times 50\% \times \$1,060 = \$79,500$).

Notwithstanding the foregoing, if this Agreement is a successor to or renewal of a prior franchise agreement under which Franchisee operated the Franchised Business, then Franchisee shall not be required to pay a Membership Valuation Fee.

ARTICLE 5

TRAINING AND OPENING

5.1 Executive Director Training. Franchisor shall provide the Executive Director Training program to Franchisee's Principal Owner at a location and time designated by BNI. This may be a multi-day training. BNI will use BNI Orientation Leaders and Trainers for the Executive Director Training. Franchisee's Principal Owner must attend and successfully complete the Executive Director Training within six (6) months of the Effective Date and before opening any new Chapter(s). Notwithstanding the foregoing, if this Agreement is a successor to or renewal of a prior franchise agreement under which you operated the Franchised Business, then Franchisee's Principal Owner shall remain in compliance with this Section 5.1 if Franchisee's Principal Owner has attended and successfully completed the Executive Director Training program within five (5) years prior to the Effective Date. In addition to the Executive Director Training program and as BNI deems necessary in its sole discretion, BNI may provide additional training on site by an authorized BNI Orientation Leader and Trainer. If provided, Franchisor reserves the right to charge Franchisee for additional training. The timing of such additional training shall be at the sole discretion of BNI. BNI may terminate this Agreement should Franchisee's Principal Owner fail, in the sole opinion of BNI, to satisfactorily complete the Executive Director Training program as required herein. Franchisee's Principal Owner, must also successfully complete Support Director Consultant Orientation and Launch Director Consultant Orientation within six (6) months of the Effective Date.

5.2 Franchisee Training and Staffing. Franchisee shall train and instruct each person employed in the operation of the BNI Franchise in the methods and techniques developed by BNI. Such training and instruction shall be based upon and given in accordance with the Executive Director Training, the Support Director Consultant Orientation, the Launch Director Consultant Orientation, the Directors Materials (defined below) and the BNI System and shall be provided prior to participation by such employee in the BNI Franchise. Any employee of Franchisee that is given

access to any BNI materials must first sign a current Non-Disclosure, Non-Solicitation and Non-Compete Agreement in a form required by BNI before being permitted to act in this role or being trained. Franchisee may utilize Directors/Director Consultants to carry out its obligations to the Chapters/Members in training the Members and supervising the Chapter leadership teams. These Directors/Director Consultants must be qualified by BNI before participating in this role. These Directors/Director Consultants must also sign the then current Non-Disclosure, Non-Solicitation and Non-Compete Agreement before being permitted to act in this role or being trained. BNI requires Franchisee to have all Directors/Director Consultants attend Support Director Consultant Orientation and Launch Director Consultant Orientation prior to participating in this position. Support Director Consultant Orientation and Launch Director Consultant Orientation must be conducted by an approved BNI Orientation Leader and Trainer. The fee for the Support Director Consultant Orientation and the Launch Director Consultant Orientation is negotiated between the Franchisee and the approved BNI Orientation Leader and Trainer. BNI also provides the option of having the Support Director Consultant Orientation and the Launch Director Consultant Orientation being conducted by BNI at BNI Headquarters or at a facility designated by BNI. The Support Director Consultant Orientation and the Launch Director Consultant Orientation provided by BNI will be offered at the then current rate. If Franchisee requests training in addition to that provided for above, BNI may provide such training to Franchisee, its employees and/or Directors/Director Consultants at such a time and place and for such duration as may be mutually convenient; provided, however, that the costs of such additional training, including travel, lodging, meals, transportation and a reasonable charge for the services of BNI's representative, must be borne by Franchisee and, if requested by BNI, paid in advance.

5.3 Periodic Training and Conferences. BNI may hold additional orientation and/or training programs for additional fees that Franchisee, its employees and/or Directors/Director Consultants are required to attend. BNI may offer general or special purpose seminars or conferences or special training programs for additional fees that Franchisee and/or its employees and/or Directors/Director Consultants may attend at various locations that BNI designates. Franchisee may send individuals to attend any of these events. BNI agrees to not require attendance by Franchisee at more than two (2) training programs annually. In addition, Franchisee must attend at least one (1) conference for Directors ("National Conference") in its entirety each year organized by BNI at a location determined by BNI. If the National Conference is offered in person, then Franchisee shall attend in person. Franchisee is expected to attend and fully participate in the National Conference. Full participation is defined as attending all general sessions and no fewer than 80% of breakout sessions and/or trainings. If Franchisee fails to attend the mandatory conference each year, Franchisee must pay a conference non-attendance fee, equal to the cost of the registration ticket, to Franchisor within thirty (30) days of conclusion of the conference. Payment of the National Conference non-attendance fee does not absolve you from potential default for non-compliance with this requirement. However, non-compliance of this requirement can be cured by attendance of BNI's Global Convention during that same year. Franchisee must attend at least one (1) ED Summit ("ED Summit") each year organized by BNI at a location determined by BNI. If the ED Summit is offered in person, then Franchisee shall attend in person. If Franchisee fails to attend the mandatory ED Summit each year, Franchisee must pay an ED Summit non-attendance fee to BNI, which will equal the cost of the registration ticket, within thirty (30) days of conclusion of the ED Summit. Payment of the ED Summit non-attendance fee does not absolve Franchisee from potential default for non-compliance with this requirement.

Franchisee must attend Franchisor's Global Convention (the "Global Convention"), at a location determined by Franchisor, in its entirety at least twice during the term of the Franchise Agreement. If the Global Convention is offered in person, Franchisee must attend in person. Franchisee must bear all expenses incurred in connection with attendance of the Global Convention, including registration fees and travel, lodging, and other associated expenses. Franchisee is expected to attend and fully participate in the Global Convention. Full participation is defined as attending all

general sessions and no fewer than 80% of breakout sessions and/or trainings. If Franchisee fails to attend the mandatory Global Convention (at least twice during the term of the Franchise Agreement), Franchisee must pay a Global Convention non-attendance fee to Franchisor, which will be equal to the cost of the registration ticket, within thirty (30) days of conclusion of being invoiced by Franchisor. Payment of the Global Convention non-attendance fee does not absolve Franchisee from potential default for non-compliance with this requirement.

5.4 Support Director Consultant Orientation Requirements. All Executive Directors of the BNI Franchise must successfully complete Support Director Consultant Orientation prior to opening a Chapter. In addition, all Executive Directors of the BNI Franchise must successfully complete Support Director Consultant Orientation at least every three (3) years. The Executive Directors may conduct Support Director Consultant Orientation for its employees and independent contractors for the purpose of becoming Directors/Director Consultants. Notwithstanding anything to the contrary, the Executive Directors may be certified by BNI to conduct Support Director Consultant Orientation for its employees and independent contractors. To be certified to conduct such Support Director Consultant Orientation, the Executive Director must be a BNI Orientation Leader and Trainer approved by BNI and must perform the following requirements:

- 5.4.1** Have at least five (5) years' experience as an Executive Director;
- 5.4.2** Successfully complete Support Director Consultant Orientation within the previous three (3) years;
- 5.4.3** Maintain an acceptable annual rating on all key success factors provided to Franchisee by BNI as determined by BNI in its sole discretion;
- 5.4.4** Submit annual growth goals to BNI via the Operating Management System by January 31st of each year;
- 5.4.5** Actively use the Operating Management System to accurately report financial and Chapter statistics;
- 5.4.6** Stay current with all financial obligations to BNI;
- 5.4.7** Submit to BNI all documents and forms required by BNI pursuant to any Support Director Consultant Orientation within forty-eight (48) hours of completing such Support Director Consultant Orientation;
- 5.4.8** Correctly identify via the Operating Management System all Directors/Director Consultants that successfully completed Support Director Consultant Orientation within forty-eight (48) hours of such Support Director Consultant Orientation; and
- 5.4.9** Agree to remain current with any changes that BNI makes to any manuals and/or procedures for the Support Director Consultant Orientation prior to conducting any additional Support Director Consultant Orientation.

Only a certified Executive Director pursuant to this provision is allowed to conduct a Support Director Consultant Orientation. The Executive Director certified to conduct Support Director Consultant Orientation pursuant to this provision can only conduct such Support Director Consultant Orientation to his/her own Directors/Director Consultants. BNI may revoke such certification to conduct Support Director Consultant Orientation if 1) BNI receives any complaints concerning such Support Director

Consultant Orientation, and such complaints remain unresolved or cannot be resolved by the Executive Director, or 2) Executive Director fails to comply with any part of this provision, or 3) Franchisee is in breach of any part of this Agreement, or 4) for any reason at the sole discretion of BNI.

Franchisee acknowledges that certification for any Executive Director to conduct Support Director Consultant Orientation is a privilege and not a right, and BNI may withdraw such privilege at any time for any reason. BNI may also modify the requirements set forth above at any time and will notify Franchisee of any such modifications.

5.5 Launch Director Consultant Orientation Requirements. All Executive Directors of the BNI Franchise must successfully complete Launch Director Consultant Orientation prior to opening a Chapter. In addition, all Executive Directors of the BNI Franchise must successfully complete Launch Director Consultant Orientation at least every three (3) years. The Executive Directors may conduct Launch Director Consultant Orientation for its employees and independent contractors for the purpose of becoming Directors/Director Consultants. Notwithstanding anything to the contrary, the Executive Directors may be certified by BNI to conduct Launch Director Consultant Orientation for its employees and independent contractors. To be certified to conduct such Launch Director Consultant Orientation, the Executive Director must be a BNI Orientation Leader and Trainer approved by BNI and must perform the following requirements:

- 5.5.1** Have at least five (5) years' experience as an Executive Director;
- 5.5.2** Successfully complete Launch Director Consultant Orientation within the previous three (3) years;
- 5.5.3** Maintain an acceptable annual rating on all key success factors provided to Franchisee by BNI as determined by BNI in its sole discretion;
- 5.5.4** Submit annual growth goals to BNI via the Operating Management System by January 31st of each year;
- 5.5.5** Actively use the Operating Management System to accurately report financial and Chapter statistics;
- 5.5.6** Stay current with all financial obligations to BNI;
- 5.5.7** Submit to BNI all documents and forms required by BNI pursuant to any Launch Director Consultant Orientation within forty-eight (48) hours of completing such Launch Director Consultant Orientation;
- 5.5.8** Correctly identify via the Operating Management System all Directors/Director Consultants that successfully completed Launch Director Consultant Orientation within forty-eight (48) hours of such Launch Director Consultant Orientation; and
- 5.5.9** Agree to remain current with any changes that BNI makes to any manuals and/or procedures for the Launch Director Consultant Orientation prior to conducting any additional Launch Director Consultant Orientation.

Only a certified Executive Director pursuant to this provision is allowed to conduct a Launch Director Consultant Orientation. The Executive Director certified to conduct Launch Director Consultant

Orientation pursuant to this provision can only conduct such Launch Director Consultant Orientation to his/her own Directors/Director Consultants. BNI may revoke such certification to conduct Launch Director Consultant Orientation if 1) BNI receives any complaints concerning such Launch Director Consultant Orientation, and such complaints remain unresolved or cannot be resolved by the Executive Director, or 2) Executive Director fails to comply with any part of this provision, or 3) Franchisee is in breach of any part of this Agreement, or 4) for any reason at the sole discretion of BNI.

Franchisee acknowledges that certification for any Executive Director to conduct Launch Director Consultant Orientation is a privilege and not a right, and BNI may withdraw such privilege at any time for any reason. BNI may also modify the requirements set forth above at any time and will notify Franchisee of any such modifications.

5.6 Non-Disclosure. Franchisee acknowledges and agrees that all training and orientation provided by BNI is and includes methods, concepts and materials ("Training Information") that are confidential and proprietary material owned solely by BNI. Therefore, each person in attendance at any training provided by BNI shall be required to sign an agreement in a form provided by BNI that prohibits the unauthorized disclosure or use of any Training Information. By signing this Agreement, Franchisee acknowledges the confidential and proprietary nature of the BNI material and agrees to the non-disclosure provisions set forth herein. To the extent that a Director/Director Consultant has executed the Non-Disclosure, Non-Solicitation and Non-Compete Agreement, this shall qualify for receipt of said Training Information.

5.7 Charges and Costs. All expenses of Franchisee and its personnel and independent contractors incident to attendance at the Executive Director Training or any training/orientation provided by BNI, including travel, lodging, meals, transportation, compensation of and worker's compensation insurance for the attendees enrolled in such training and any other personal and/or incidental expenses, shall be borne by the Franchisee. If BNI visits the BNI Franchise without any request by Franchisee, then BNI will cover its own expenses for such visit.

5.8 Operation of Chapter. If opening a new Territory, then Franchisee, within six (6) months of the Effective Date and prior to opening a Chapter, must successfully complete the Executive Director Training. Franchisee must have in operation at least one (1) Chapter within the Territory within six (6) months of the Effective Date. If the Franchisee purchases an already existing Territory, Franchisee must have already completed the Executive Director Training prior to the Effective Date. BNI may approve a written request from Franchisee for an extension of these deadlines, subject to negotiation with BNI. Any approval by BNI for such an extension must be in writing to be effective.

ARTICLE 6

STANDARDS, PROCEDURES AND CONSISTENCY OF OPERATION

6.1 Directors Materials. To protect and promote the reputation and goodwill of BNI, to promote uniform standards of service and operation under the BNI Marks and BNI System, BNI has established standard procedures, policies, rules and regulations and incorporated them in BNI's operations manual(s), including its Support Director Consultant Orientation Manual, Launch Director Consultant Orientation Manual, all guidelines, systems, policy memoranda, recommendations, supplements, supplemental policy memoranda, notices, memoranda, ancillary manuals, videos, digital video or versatile discs, compact discs, video or audio cassettes and any electronic medium (collectively referred to as the "Directors Materials"). The Directors Materials shall also include all manuals, written communications and notices provided to Franchisee concerning the BNI System and may also include any of the following: forms, information regarding services provided, general

operations, chapter development, any sales or income reports, employee or independent contractor forms and information; display of signs, banners and notices; usage of BNI Marks; insurance requirements; standards for management, personnel and hours of operation; and local promotion formats. The Directors Materials does not include the forms provided to Leadership Team and Support Team Members used in the education process of the BNI System that are provided to the public pursuant to approval by BNI. Franchisee shall operate BNI Franchise in strict and complete compliance with the DirectorsMaterials.

- a. BNI may make modifications to the Directors Materials at any time as BNI deems necessary becoming part of the Directors Materials. Franchisee agrees that modifications to the Directors Materials may become necessary during the Term of this Agreement. Unless otherwise agreed to in writing by BNI, Franchisee shall comply with such modifications within fifteen (15) days of written notice of such modifications which may be provided by electronic communications. BNI may grant additional time to Franchisee for such compliance of any modifications if BNI, in its sole discretion, deems additional time is necessary. The Directors Materials, including any modifications thereto, are an integral part of this Agreement.
- b. Franchisee acknowledges that the Directors Materials are the property of BNI; that the Support Director Consultant Orientation Manual, Launch Director Consultant Orientation Manual, any other BNI manuals, whether or not they are labelled proprietary and confidential, and the Directors Materials are confidential, proprietary, contains trade secret of BNI; and that Franchisee does not acquire any right, title or interest in the Directors Materials. Franchisee shall not, during the term of this Agreement or at any time thereafter, divulge any part of the Directors Materials to any other person except to those employees and independent contractors of Franchisee who need access to it for operation of the BNI Franchise and provided that they sign a Non-Disclosure, Non-Solicitation and Non-Competition Agreement in a form approved by BNI. Franchisee shall cause its spouse, all its employees and independent contractors, if Franchisee is a corporation, partnership or other legal entity, its shareholders, officers, members, directors and partners, to sign a Non-Disclosure, Non-Solicitation and Non-Competition Agreement in forms acceptable to BNI concerning the Directors Materials and provide BNI with copies of such agreements. To the extent not prohibited by any laws, rules or regulations of duly-constituted governmental bodies relating to the BNI Franchise, Franchisee shall conduct the operation of the BNI Franchise in accordance with the Directors Materials. In addition, Franchisee may disclose certain delegated materials of the non-public Directors Materials to Ambassadors, Leadership Team and Support Leadership Team members provided that they to sign a Non-Disclosure, Non-Solicitation and Non-Competition Agreement
- c. Franchisee shall not make, cause or allow to be made any copies or reproductions of all or any portion of the Directors Materials without BNI's express prior written consent, except where the operation of the BNI Franchise in accordance with the Directors Materials make it necessary. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return any copies of the Directors Materials to BNI or a designee of BNI. In addition, Franchisee shall, upon the expiration or termination of this Agreement for any reason whatsoever, permanently delete any electronic copies of the Director Materials and provide a declaration of compliance to BNI in a form provided and/or approved by BNI.

6.2 BNI System. Franchisee acknowledges that BNI has developed and may continue to develop or revise in the future, the BNI System pertaining to the operations of a BNI Franchise and further acknowledges that the BNI System, together with information pertaining to customers of the BNI System, are trade secrets of BNI which have been developed through the research of and at the expense of BNI.

6.3 Compliance. Franchisee agrees that the uniformity and consistency of operation of all BNI Franchises in compliance with the Directors Materials are mutually beneficial for BNI and Franchisee. Franchisee also agrees that compliance by Franchisee with all parts of the Directors Materials and any changes thereto is essential, material and vital to the relationship between BNI and Franchisee and this Agreement; is necessary to protect the reputation and goodwill of BNI and to promote the reputation, goodwill, value and integrity of the BNI Marks and the BNI System; and is essential, material and vital to the operation of the BNI Franchise. Therefore, Franchisee shall always be in compliance with all parts of the Directors Materials and any changes thereto and failure to comply ("Noncompliant Act") is a material default of this Agreement subject to the remedies outlined in this Agreement. In addition to the remedies available to BNI in this Agreement for a breach by Franchisee, if Franchisee commits any Noncompliant Act at any time during the Term of this Agreement, then Franchisee shall pay to BNI a monthly fee of up to Six Hundred Dollars (\$600) ("Support Services Brand Compliance Fee") if Franchisee performs a Noncompliant Act and fails to remedy such Noncompliant Act within fifteen (15) days' notice by BNI. Franchisee shall continue paying the Support Services Brand Compliance Fee each month to monitor the BNI Franchise until Franchisee has fully remedied such Noncompliant Act.

6.4 Manner of Operation. Franchisee shall maintain the highest standards of quality and service in its operation of the BNI Franchise in accordance with the standards established by BNI in order to provide the highest quality service to Members of Franchisee and to preserve and enhance the value of the BNI Marks. To maintain uniformity within the BNI System and to maintain the standard practices that are necessary to promote the goodwill of the BNI System, in the operation of the BNI Franchise, Franchisee shall comply with standards set by BNI in the Directors Materials. Franchisee shall follow BNI's Branding Standards and any BNI Branding Standards Policy Memorandum and use only the standard form of reports and printed material uniformly prescribed by BNI for use by the Franchise, its Chapters and Directors/Director Consultants to the extent such materials are not prohibited by any laws, rules or regulations of duly-constituted governmental bodies relating to the BNI Franchise.

6.5 Personal Supervision. This Agreement is made and entered into by Franchisor with Franchisee in reliance upon and in consideration of the personal qualifications made by Franchisee's Owners with respect to this Agreement. Franchisee's Principal Owner shall complete the Executive Director Training. Unless BNI consents in writing, Franchisee's Principal Owner shall personally operate and/or exercise supervision over the operation of the BNI Franchise.

6.6 Management and Employees/Independent Contractors of the BNI Franchise. Franchisee shall appoint one (1) Principal Owner who has successfully completed the Executive Director Training. Franchisor shall have the right to approve or disapprove the Principal Owner. The Principal Owner, will be the only individual that the Franchisor will deal directly with and whose instructions and/or directions Franchisor shall address. Franchisee may not replace the Principal Owner without Franchisor's prior written consent. The Principal Owner shall be required to personally participate in the day-to-day activities of the BNI Franchise and supervise the day-to-day operations of the BNI Franchise, in accordance with the Directors Materials.

- a. Franchisee and its Owners must ensure that all its employees, Directors/Director

Consultants, Ambassadors, and Leadership and Support Leadership Team Members enter into a Non-Disclosure, Non-Solicitation and Non-Competition Agreement in a form approved by Franchisor and compliant with applicable laws.

- b. Franchisee and its Owners must ensure that all its employees, Directors/Director Consultants, Ambassadors, and any type of leadership Members conduct themselves in such manner as not to discredit or adversely affect the reputation of the BNI System or the BNI Marks. Franchisee and its Owners will immediately notify BNI if any of Franchisee's Owners, principals, directors, managers, employees, independent contractors, Ambassadors, Leadership Team Members, Support Leadership Team Members or agents are arrested or questioned by the police in connection with an offense.
- c. Franchisee and its Owners shall ensure that all of its employees, Directors/Director Consultants, Ambassadors, and Leadership and Support Leadership Team Members engaged in the operation of the BNI Franchise during working hours, conduct themselves in conformance with standards set out by Franchisor and in compliance with any applicable Federal, State and/or local laws, communicate with BNI personnel in a cooperative manner, and provide competent and efficient service to the Members.

6.7 Standard Hours. Franchisee shall make its best effort to conduct BNI meetings within the fifty-two (52) weeks of each year according to the BNI System taking into consideration local holidays, habits and customs.

6.8 Observation/Visitation of Chapters. Franchisee or a trained Director/Director Consultant shall visit each Chapter within the Territory at least once every six (6) to eight (8) weeks. Franchisee shall maintain and, upon request, submit to BNI a current monthly report on the status of each Chapter within the Territory using a form provided by BNI.

6.9 Products and Services. Franchisee shall offer and sell only the products and services in the BNI Franchise which are approved by BNI in writing and no other products and/or services. Franchisee shall offer all products and services that BNI designates as required for all franchisees. If BNI expands or modifies the approved products and/or services required to be offered by the BNI Franchise, Franchisee shall comply with such expansion or modification within ninety (90) days of written notification by BNI. The offering and/or selling of any unapproved products and/or services by Franchisee shall be considered a Noncompliant Act and a material breach of this Agreement. Franchisee shall remit payment for all outstanding invoices from BNI within thirty (30) days from the date of invoice. Invoices under this provision do not include the Continuing Royalty which is governed by Article 4.3 herein. Franchisee agrees and understands that past due invoices are subject to late fees as provided in Article 4.

6.10 Promotional and Marketing Materials. Franchisee shall use only those promotional and marketing materials or items which are authorized by BNI in writing and in accordance with BNI's Branding Standards. Franchisee shall not display or use the BNI Marks without the prior written approval of BNI. Franchisee shall get prior written approval prior to releasing or using any local printing, advertising or promotional programs, other than those provided by BNI. Failure to comply with this Article shall be an infringement upon BNI's proprietary rights and a material breach of this Agreement. Franchisees shall be responsible to monitor the promotional activities of its Chapters and ensure compliance with the BNI Branding Standards. Franchisee shall be further responsible for the actions taken by its Chapters in contravention of this Agreement.

During the Term of this Agreement, BNI may establish and conduct promotional and marketing campaigns on a national or regional basis, which may, by way of illustration and not limitation, promote particular events or programs. Franchisee must participate in such promotional and marketing campaigns and in any official membership drive as developed by BNI. If required by BNI, Franchisee shall purchase material, posters, flyers, and other promotional material. Franchisee must provide the prize for such membership drive as set by BNI at Franchisee's own cost.

Franchisee shall not engage in any deceptive, misleading, unlawful or unethical promotion or marketing which, in the sole discretion of BNI, might be injurious or detrimental to BNI, BNI Marks, the BNI System or the public. Franchisee shall only advertise, promote and solicit for Members within the boundaries of the Territory. Franchisee shall use the BNI Marks only in the forms prescribed by BNI. Franchisee shall use only the advertising or promotional materials, signs or other items using the BNI Marks and/or connected in any way to the BNI Franchise which are approved in writing by BNI or as pre-approved pursuant to the BNI Branding Standards.

6.11 Right of Entry and Inspection. BNI, or a representative of BNI, has the unrestricted right to inspect the BNI Franchise and any Chapter meetings as it deems necessary and without prior notice to Franchisee to ascertain Franchisee's compliance with this Agreement; to confer with Franchisee, Franchisee's employees, independent contractors, Ambassadors, Leadership Team and Support Leadership Team Members, and Members; and to inspect the BNI Franchise's books and financial records, including, but not limited to, checks, bank statements, tax returns, all documentation and records pertaining to Franchisee's loans, investments and deposits, as well as the Operating Management System information. Inspection of Chapter meetings occurring online may occur by BNI accessing Franchisee's Zoom (or then current video conferencing provider platform) accounts. Franchisee shall provide to BNI, upon request, copies of all books, financials, membership data and any other records for the BNI Franchise. BNI may conduct the inspections without prior notice at any time during business hours. The inspections will be performed in a manner which minimizes interference with the operation of the BNI Franchise. Franchisee shall provide the books and records of the BNI Franchise at all reasonable times during the business day to BNI.

ARTICLE 7

FRANCHISEE OBLIGATIONS

7.1 Conduct. Franchisee shall not do anything in operating the BNI Franchise that would adversely affect the image of BNI, the BNI Marks, or the BNI System and shall not do or allow any of its employees, independent contractors, Ambassadors and Leadership and Support Leadership Team Members to do anything in operating a BNI Franchise which would have such an adverse effect. In order to protect BNI, the BNI Marks and the BNI System, BNI has the sole discretion in reasonably determining if Franchisee has breached this Article.

- a. Franchisee acknowledges that the manner in which it treats its Members, Directors, Director Consultants, employees, independent contractors, Ambassadors and Leadership and Support Leadership Team Members will have a material impact on the Member's view of BNI and how others may view BNI. As such, Franchisee shall treat its Members, Directors, Director Consultants, employees, independent contractors, Ambassadors and Leadership and Support Leadership Team Members with respect at all times.
- b. Franchisee shall maintain a high level of morals and ethics in operating the Franchise. Franchisee acknowledges that its reputation will have a material impact on the success of the Franchise and the image of BNI. As such, Franchisee shall avoid any

negative publicity and legal troubles, which if made known could impact the Franchisee's reputation. Acts of moral turpitude and criminal conduct shall be deemed a material breach of this Agreement.

- c. Franchisee must ensure that all employees under its supervision and independent contractors conduct themselves in such manner as not to discredit or adversely affect the reputation of BNI's franchise network or the BNI Marks. Franchisee will immediately notify BNI if any of Franchisee's Owners, principals, directors, managers, employees, independent contractors, or agents are arrested or questioned by the police in connection with an offense. Franchisee must maintain adequate staffing levels at all times.
- d. Principal Owner. Franchisee will ensure that the Principal Owner lives within the Territory, devotes his/her full-time, exclusive attention and effort to the support and operation of the BNI Franchise as provided in this Agreement, does not operate any other business without written approval of Franchisor, and meet such standards as may be reasonably imposed by Franchisor. If the Principal Owner ceases to live within the Territory or fails to devote exclusive attention and time to the support and operation of the Franchised Business and Franchisee is unable to cure or arrange for a suitable replacement, BNI may terminate this Agreement.
- e. In certain extremely limited circumstances, Franchisor may agree that a Principal Owner need not live within the Territory and personally perform the direct, on-site supervision of the Franchised Business. Under certain limited circumstances, Franchisor may approve a Manager who has successfully completed the Executive Director Training program, to directly perform on-site supervision of the Franchised Business operations while residing in the Territory. Manager must be a bona fide manager, as determined by Franchisor. If approved by Franchisor, the Manager must execute the then-current Non-Solicitation, Non-Disclosure and Non-Compete Agreement in a form approved by BNI and compliant with applicable laws, devote full-time exclusive attention and effort to the operation of the Franchised Business, not operate any another business without written approval of Franchisor, and meet such standards as may be reasonably imposed by Franchisor. The Manager must reside in the Territory and have the authority to handle issues that may arise in the Territory. The Manager must be authorized to bind the Franchisee in respect to issues related to Franchisor and the Franchised Business.

7.2 Member Lists and Satisfaction Tracking. To assist BNI in providing Franchisee with on-going advice and assistance, and to determine whether Franchisee is complying with the terms of this Agreement and with the specifications, standards and procedures established for operation of the BNI franchise, BNI, or its authorized representative, may, during regular business hours, or at such other times as may be mutually agreed upon, inspect all Member and Chapter records, both active and inactive, and any other related records. Upon request by BNI, and subject to any applicable state or federal data protection laws, Franchisee shall furnish to BNI in whatever format required by BNI all Membership Lists. Franchisee acknowledges and agrees that BNI is the sole owner of the Membership Lists and that Franchisee will not distribute, in any form or manner, the Membership Lists to any third party without the prior written consent of BNI. Subject to any applicable state or federal data protection laws, Franchisee shall submit to BNI satisfaction tracking reports as required by BNI for all Members within the Territory. Franchisee shall notify BNI of any substantial Member complaints or other complaints or of any breaches of data security within twenty-four (24) hours of receiving or becoming aware of them. Franchisee shall become familiar with the privacy

policy of BNI ("BNI's Privacy Policy") and will abide by the terms thereof.

7.3 Annual Meetings. Franchisee must attend an Annual Meeting ("Annual Meeting") with Franchisor for purposes of evaluating growth, retention, complaints achievements and whether Franchisee and its Owners may benefit from attending additional BNI training courses. The Annual Meeting may be provided in person, via telephone or via videoconference. Franchisee understands and agrees that any specific training or advice Franchisor provides during the Annual Meeting does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which Franchisor may discontinue and modify from time to time.

7.4 Public Statements. Except as required by applicable law, Franchisee and its Owners and/or anyone under its control or supervision, shall make no statement or otherwise directly or indirectly disclose any information to the press or any other third party regarding any agreement, dispute or potential dispute between Franchisee and BNI or between BNI and any other party without the other party's prior written consent.

7.5 Encumbrances/Agreement. Franchisee shall not, without first obtaining BNI's written consent, charge, pledge or encumber any part of the BNI Franchise or any of the rights granted to Franchisee hereunder or the receipts of the BNI Franchise whether or not such encumbrance is in the ordinary course of business. Further, Franchisee shall not enter into any agreement with any other party that could materially affect the BNI Franchise or any BNI franchise without BNI's prior written consent.

7.6 Finance. Franchisee shall ensure that it has adequate finances, including working capital, to discharge its obligations under this Agreement and provide BNI with written evidence of such adequate finances from Franchisee's banker upon request by BNI.

7.7 Misappropriation of Funds. Franchisee shall not:

- a. withhold, misdirect or appropriate for its own use any funds withheld from employees' wages for any of such employees' taxes, insurance or other benefits; or
- b. generally fail to deal fairly and honestly with its employees, independent contractors or Members; or,
- c. knowingly permit or fail to take any action against or to discharge any Director/Director Consultant, Leadership Team Member, Support Leadership Member, agent or employee who has embezzled any funds or property of any of its other employees and/or Members; or,
- d. utilize any funds from the payment of dues, application fees, late fees, or any other fees the BNI Franchise may charge before first paying the royalty owed to BNI. Franchisee shall also educate, supervise and monitor Chapters to ensure that the Chapters do not allow for misappropriation of any Chapter's funds in violation of this provision. BNI shall have no responsibility or relationship with respect to any bank accounts for Chapters.

7.8 Notification of Market Developments. Franchisee must immediately notify BNI in writing of the full details of any party offering similar or competing services to those offered by the BNI Franchise. In addition, Franchisee shall keep BNI informed of market developments in the Territory.

7.9 Updates. Franchisee shall provide BNI with copies of any amendments made to Franchisee's business entity and provide BNI with any shareholders' agreement, members' agreement or any other agreement between Franchisee's owners, principals, members or shareholders.

7.10 Customer Relationship Management System. BNI may require Franchisee to use a customer relationship management system ("CRM") in order to better organize Franchisee's Members or local marketing efforts. Franchisee is required to use the company or organization that is approved by BNI. Franchisee will pay BNI the cost for using such CRM system or BNI may require Franchisee to pay for the CRM service directly to the provider. BNI may change the CRM provider upon notice to Franchisee, but BNI will not change such provider more than one time each year during the Term of this Agreement. This fee will be in addition to the R&D Contribution and Video Conferencing License referenced in Sections 4.10 and 4.2.1 respectively.

7.11 BNI Member Success Center. The BNI Member Success Center is a call center dedicated to supporting Members and/or providing other customer service functions ("Member Success Center" or "MSC"). Franchisor reserves the right, in its sole discretion, to require the Franchisee to utilize the BNI Member Success Center for the benefit of Members, the Franchisee, and the BNI brand generally, as set forth by Franchisor's standards and requirements. All expenses, of creating, operating or utilizing a Member Success Center will be Franchisee's sole responsibility.

7.12 BNI Meeting Management Tool. Franchisee is required to use BNI+ or the then-current meeting management tool that is approved by Franchisor. Franchisor may change the meeting management tool upon notice to Franchisee, but Franchisor will not change such meeting management tool more than one time each year during the Term of this Agreement.

7.13 Payment Technology Integration and Reporting System. Franchisor reserves the right to require Franchisee to use payment technology integrated into the BNI Connect Management Operating System including but not limited to a specific payment gateway and/or merchant services processor. Franchisor does not mandate this today, but in the future, it may require Franchisee to use Franchisor-approved technology/payment partners for the collection of membership dues and event fees, among others. Additionally, Franchisor reserves the right to require Franchisee to use a reporting system or purchase approved software, to promptly report all transactions for which a Continuing Royalty is, or may be, payable. Franchisor does not mandate this today, but we may do so in the future, upon sixty (60) days' prior written notice to Franchisee. Franchisee agrees and acknowledges that Franchisee may be required to adopt, implement, use, upgrade and/or update one or more technologies, all at the Franchisee's sole costs and expense.

7.14 Franchisee's Principals. At all times during this Agreement, Franchisee shall:

- a. provide to BNI full details including names and addresses of its owners and provide full details of their interest in the BNI Franchise. Franchisee shall ensure that its owners do not relinquish their interest in the BNI Franchise or allow any other party to become one of its owners without BNI's prior written consent in accordance with this Agreement; and
- b. ensure that, immediately upon the Effective Date, each and every employee of Franchisee shall enter into a Non-Disclosure, Non-Solicitation and Non-Competition Agreement and all principals or owners of Franchisee shall execute a "Unconditional Guaranty", in the form provided for by BNI, guaranteeing the performance of all terms, conditions, covenants and obligations of this Agreement; and

- c. ensure that Franchisee's largest shareholder/owner, and shareholders/owners accounting for at least 51% of the ownership of the Franchise, is trained as a Director/Director Consultant.

7.15 Compliance with Laws, Rules and Regulations. Franchisee shall comply with all requirements set forth in this Agreement and in the Directors Materials and with all laws, rules and regulations of duly-constituted governmental bodies relating to the BNI Franchise. Franchisee is solely responsible for knowing and understanding all such requirements, laws, rules and/or regulations. Any information acquired from BNI or its counsel regarding such shall not be construed as legal advice or as any representation by BNI as to the interpretation of any such requirements, laws, rules and/or regulations. Franchisee shall obtain and maintain, at its own cost, all necessary licenses, approvals and permits required for operating the BNI Franchise. Review and selection of persons for membership in Chapters in all job classifications shall be made based on qualifications without regard to race, color, religion, sex, national origin, marital status, sexual preference, age or handicap.

7.15.1 Data Protection. Franchisee will comply with all applicable consumer privacy and data protection laws and data privacy regulations and with any consumer privacy and data protection policies of Franchisor periodically in effect in connection with the transfer of any personal information and other data under this Agreement, including without limitation with the European Union's General Data Protection Regulation in so far as it applies to the operations of the Franchisee. Franchisee acknowledges that it will respect and maintain the confidentiality and security of the personal data handled, stored, collected or processed by it and shall comply with any and all data protection guidelines issued by Franchisor in the operations manual(s). Franchisee acknowledges and agrees that upon termination of this Agreement for any reason, all data remains the property of BNI and Franchisee covenants it shall not use the data for any purpose other than for compliance with certain obligations and with prior written pre-approval from BNI.

7.16 Use of BNI Counsel. BNI has counsel that it uses for specific matters and has invested time and money to educate its counsel. As such, it is important to BNI to have its chosen counsel represent it. To the extent that BNI utilizes its counsel in conjunction with disputes that also involve its counsel representing the Franchisee, Franchisee recognizes that BNI's counsel may ultimately be in a position adverse to the Franchisee if BNI has a dispute with Franchisee. If there is such an adverse position, then BNI and/or Franchisee may use its own counsel to represent its own interests only. If BNI and Franchisee both agree to waive any such conflicts or adverse positions relating to such representation, then BNI may allow for its counsel to continue to represent both parties in any such dispute. Each party is responsible for payment of all fees assessed by its own counsel.

7.17 Goodwill. Franchisee agrees that all goodwill in the BNI System, the BNI Marks, BNI's intellectual property, and the business of owning the BNI Franchise, belongs to BNI and that any additional goodwill generated from using or exploiting the BNI System and the BNI Marks in Franchisee's business belongs to BNI.

ARTICLE 8

SERVICES AND SUPPLIES

8.1 Services Available to Franchisee. BNI shall make available certain services to Franchisee and use reasonable efforts to provide such services in a manner reasonably designed for the BNI System. The content of and manner by which any and all services are to be delivered by BNI are within BNI's sole reasonable discretion and right. Such services and items may include the following:

- a. Providing access to a reproducible copy of the standard BNI Marks and specifications for current approved logo and signage reproductions. Any modifications of the BNI Marks and specifications, required by law, are the responsibility of Franchisee. Franchisee shall acquire approval from BNI in writing prior to using any such modifications.
- b. Providing Executive Director Training to Franchisee as described in Article 5.
- c. Providing general or special purpose seminars or conferences or special training programs for additional fees that Franchisee and/or its employees or independent contractors may attend at various locations and times that BNI designates as well as training specifically for Directors and/or Director Consultants that Franchisee may be required to attend. All expenses of Franchisee and its personnel incident to attendance at any such training programs are to be borne by the Franchisee.
- d. Providing, upon Franchisee's written request, periodic review of the Franchisee's sales, promotional efforts and financial status, and provision of suggestions as to any improvements in the operation of the BNI Franchise.
- e. Providing, concurrently with the commencement of the Support Director Consultant Orientation, one (1) copy of the Support Director Consultant Orientation Manual. BNI may also provide copies of all collateral materials and training kits. BNI will also make available to Franchisee one (1) copy of the Support Director Consultant Orientation Manual which can be by electronic means.
- f. Providing such merchandising, newsletters, marketing and advertising research data and advice as may be developed, from time to time, by BNI and deemed by it to be helpful in the BNI System and in the operation of the BNI Franchise. Franchisee is responsible for ensuring that such marketing is legal in the Territory and must notify BNI immediately in writing of any concerns that Franchisee has in this regard. BNI will decide in its sole discretion what amendments (if any) to make to such marketing due to such concerns.
- g. Providing communication of new developments, techniques and improvements to the BNI System.
- h. Providing such ongoing support as BNI deems reasonably necessary to continue to communicate and advise Franchisee as to the BNI System, including the operation of the BNI Franchise.
- i. As long as Franchisee is in compliance with this Agreement and the BNI System, providing Franchisee the opportunity to have a Member participate in the International Board of Advisors, a board of Members from around the world that may advise as to policies that affect Members.
- j. Provide Franchisee the opportunity to purchase from BNI or its authorized supplier networking books and items for re-sale at a higher price.
- k. To the extent permitted by applicable law, Franchisor may pay Franchisee a referral fee (as identified in Exhibit I) for any prospective BNI franchisee, whose name Franchisee refers to us in writing, prior to any contact between Franchisor and such prospective BNI franchisee, who was previously unknown to Franchisor, and who

actually purchases a BNI franchise. For purposes of clarity, Franchisor may pay any referral fee within thirty (30) days of the prospective BNI franchisee's: 1) signing the then-current BNI franchise agreement; and 2) paying Franchisor the then-current initial franchise fee. We may implement, end or change this policy, and impose rules or conditions, in our reasonable business judgment. Franchisee is strictly prohibited from any involvement in the franchise solicitation, offering or sales process. Franchisee is only permitted to pass along to Franchisor the name of someone Franchisee knows, who may be interested in acquiring a new BNI franchise within or outside your Territory. **This Section 8.1.k does not create an employment, partnership, commercial agency, joint venture, or fiduciary relationship with Franchisor or any of Franchisor's affiliates. This Section 8.1.k does not give Franchisee any right or authority to act in Franchisor's name, or sign any agreements in the name of Franchisor, including, but not limited to franchise agreements. Franchisee is not a franchisor, subfranchisor or broker, and shall have no authority to directly or indirectly sell, offer to sell or negotiate the sale of a franchise to any person.**

8.2 Condition Precedent to BNI's Obligations. It shall be a condition precedent to BNI's obligations pursuant to this Article and this Agreement that Franchisee shall have performed all of its obligations under and pursuant to this Agreement and all other agreements between Franchisee and BNI, including any other franchise agreements entered into between BNI and Franchisee.

8.3 Fulfillment of BNI's Obligations. BNI may cause a BNI subsidiary or affiliate to perform any or all of its obligations and exercise any or all of BNI's rights under this Agreement and under any agreement with Franchisee, and to require Franchisee to perform any or all of its obligations under this Agreement or under any agreement with BNI, in favor of such subsidiary or affiliate.

ARTICLE 9

COMMUNICATIONS AND INTERNET

9.1 Domain Names. BNI is the owner of a number of domain names and may operate a website in the Territory. In addition, each Franchisee may be assigned a web location within the Operating Management System to host a site for the Franchisee's regional website, as well as locations for each of its Chapters. Should Franchisee desire to acquire other BNI-related domains for its Territory, Franchisee must first obtain BNI's prior written approval to register and use such domain name and agree to redirect it to the Operating Management System if required by BNI. BNI retains the right to approve the form and content of any franchise or franchise-related website before its use on the Internet so that BNI can maintain the common identity of the franchise network and the high-quality standards associated with the BNI Marks. BNI Global, LLC will be the owner of all domain names used by Franchisee that are associated in any way with the BNI System or BNI Marks, and accordingly Franchisee will not register any domain names in its own name but will instead register any domain names in BNI Global, LLC's name and ensure BNI Global, LLC is the owner thereof. BNI agrees to grant Franchisee a license for the use of the relevant domain names (subject to compliance with the terms of this Agreement) for the duration of this Agreement. Franchisee, however, will be responsible for the costs associated with the maintenance of said domains. Should BNI grant approval for Franchisee to acquire and/or use any domains as noted above, this Agreement shall act as the license for said use.

- a. Chapters in the Franchise may not register any domains in their name, the name of a Member, or anyone other than BNI Global, LLC.

- b. Chapters in the Franchise may not register or use any domain name other than one approved by Franchisee or BNI. Franchisee must ensure that any such domain name is registered in the name of BNI Global, LLC, and Franchisee shall be responsible for the costs of maintaining said domain.
- c. Should a Chapter in the BNI Franchise, or a Member therein, register and desire to use a specific domain name, as approved under Paragraph (b) above, Chapter (and/or Member) must agree to direct the domain name to the Operating Management System site if required by BNI.
- d. Any BNI Franchise or Chapter domain names must be in compliance with the BNI Branding Standards and BNI Branding Standards Policy Memorandum.
- e. Upon termination or expiration of this Agreement, any domain name not registered in the name of BNI Global, LLC must be immediately transferred to BNI Global, LLC and Franchisee will ensure cooperation necessary to have this transferred. Should a Chapter or a Member have a registered domain, Franchisee will ensure that the domain be transferred to BNI Global, LLC. Should legal action be required to obtain the domain from Franchisee, a Chapter or a Member (or a former Chapter or Member), Franchisee shall reimburse BNI for the costs thereof, including legal fees, required to obtain the domain name.

9.2 Internet and Electronic Rights. BNI may provide Franchisee with a website on the Operating Management System. Should BNI permit Franchisee to maintain a separate website (which permission must be sought in writing and provided in writing), and prior to Franchisee creating and having its own website on the Internet to advertise and promote the BNI Franchise featuring the BNI Marks or any part of the BNI Marks, Franchisee shall comply with the following:

- a. There is a hyperlink to BNI's website as required by BNI and all other hyperlinks to third party websites are previously approved in writing by BNI. Franchisee will not engage in deep linking, framing, the use of metatags or other activities that are detailed in the Directors Materials without BNI's prior written consent;
- b. Franchisee may only use such e-mail addresses as BNI has previously approved and, on termination or expiration of this Agreement, shall, at BNI's request, assign ownership of such e-mail addresses to BNI or its nominees;
- c. Any material amendment to Franchisee's website must have BNI's written approval;
- d. Franchisee shall have obtained appropriate legal advice regarding the content of its website and ensure that the content and use of its website, including use of Member data, complies with all relevant laws and regulations;
- e. Upon termination or expiration of this Agreement, Franchisee shall, at BNI's request, assign any purported ownership of all domain names and/or websites operated pursuant to this Article to BNI, and Franchisee will undertake all such actions as BNI requires to disassociate itself from the website and the domain names;
- f. Franchisee shall fully defend and indemnify BNI against all and any claims made against BNI relating to Franchisee's website;
- g. Franchisee acknowledges BNI's right to carry on its business via the Internet without

territorial restriction;

- h. Franchisee shall ensure that its terms and conditions of business over the Internet receive BNI's prior written approval and that it fully complies within them; and
- i. Franchisee will ensure that all Chapters comply with BNI Branding Standards and BNI Branding Standards Policy Memorandum.

9.3 Modification of Internet Policy. Franchisee agrees that e-commerce is a rapidly developing field and that the provisions of this Article may need to be modified in the future or that guidelines on use of the Internet may be introduced in the Directors Materials. If such modification or such guidelines are issued by BNI, then Franchisee shall comply with such modifications or guidelines.

9.4 E-Mail Communications. Franchisee shall provide an E-Mail Address to which BNI may send any communications associated with the BNI Franchise and this Agreement. Franchisee is responsible for all communications sent by BNI to the E-Mail Address. Any notices pursuant to this Agreement shall be deemed given if BNI sends it to the E-Mail Address. Franchisee is solely responsible for updating BNI if the E-Mail Address changes and shall notify BNI of such change in writing.

9.5 Operating Management System and Information Technology Requirements. At all times during this Agreement, Franchisee shall use, in the operation of the BNI Franchise, the Operating Management System, and ensure that the data entered into it is accurate and current. As of the Effective Date, Franchisee understands that the policies and procedures associated with using the Operating Management System are established by BNI. Franchisee agrees to comply with such policies and procedures. Franchisee shall purchase and maintain a hardware system and software that BNI deems capable to fully implement and run the Operating Management System. Franchisee shall have, train and operate the BNI Franchise using the Operating Management System and compatible computer supplies as required by BNI. Franchisee shall input all information required by BNI for all Members, Directors/Director Consultants, Ambassadors, employees and any other persons associated in any way with the BNI Franchise as deemed necessary by BNI. Subject to any applicable state or federal data protection laws, BNI shall have access at any time to the Operating Management System used by the BNI Franchise and/or Chapters and/or Members, and we shall be able to access the information contained in that Operating System. Franchisee and any users associated with Franchisee approved by BNI to access the Operating Management System shall be required to enter into a software license agreement for the rights to use the Operating Management System and agrees to do so. BNI may provide such software license agreement through the accessing of the Operating Management System through the internet. Franchisee will not permit any third party to use the Operating Management System or other database management system except as necessary to operate the BNI Franchise in accordance with this Agreement. Franchisee agrees and acknowledges that Franchisee may be required to adopt, implement, use, upgrade and/or update one or more technologies, all at the Franchisee's sole costs and expense.

Franchisee understands that use and operation of the Operating Management System, which is required by this Agreement, requires the payment of R&D Contribution by Franchisee that may be determined by BNI, in its reasonable discretion, or a designated provider of the Operating Management System and such R&D Contribution is subject to change. Any failure to fully comply with such software license agreement or payment of the R&D Contribution shall be considered a Noncompliant Act under this Agreement. Franchisee shall not: (1) use the Operating Management System for any purposes other than in the operation of the BNI Franchise; (ii) copy or duplicate the Operating Management System; (iii) disclose, provide copies of, or otherwise assign any rights in

the Operating Management System to any third party; or (iv) continue to access, use or otherwise retain any Member data upon expiration or termination of this Agreement. Franchisee acknowledges that Franchisee has no ownership in the Operating Management System and is only granted a license to use the Operating Management System for the operation of the BNI Franchise. The termination or expiration of this Agreement for any reason shall result in the immediate termination of any rights granted to Franchisee in the Operating Management System.

Franchisee acknowledges that it will be obtaining information from Members that could be deemed personally identifiable information or financial data, and that Franchisee may have certain obligations to protect such data pursuant to any applicable laws and regulations. Franchisee is solely responsible for complying with all federal, state and/or local laws, as applicable, in order for Franchisee to collect data from Members as required by BNI and legally share such membership data with BNI. Franchisee acknowledges that BNI may share Franchisee's performance data with other Franchisees and that membership data may similarly be shared. Franchisee understands that while it may have access to data on the Operating Management System, (a) it must also agree to the terms and conditions set forth in the Terms of Use and Privacy Policy as provided by BNI and must comply with any mandates contained therein, and (b) Franchisee acknowledges and agrees that BNI owns the member relationship and data associated with such member.

9.6 Telephone Lines. Franchisee and its Principal Owner shall ensure that the telephones used in the operation of the Franchised Business are answered by competent individuals during all normal business hours as provided in the Support Director Consultant Orientation Manual. Franchisee and its Principal Owner shall only use telephone answering services or devices for off-hours, if properly prepared to address Member or applicant questions or concerns, or if the call will be returned by a qualified representative of the Franchised Business within one (1) business day.

ARTICLE 10

ACCOUNTING PROCEDURES, RECORDS AND RIGHT OF AUDIT

10.1 Accounting. Franchisee shall keep true, accurate and complete records of the BNI Franchise in such form as BNI now or hereafter may require and, upon request by BNI, shall furnish BNI with a quarterly and fiscal year-to-date profit and loss statement in the format prescribed by BNI. Franchisee, upon request by BNI, shall submit to BNI quarterly balance sheets for the operation of the BNI Franchise. All profit and loss statements and balance sheets shall be prepared in accordance with generally accepted accounting principles and, if requested by BNI, shall be submitted to BNI within thirty (30) days after the end of the period covered by the report. All of the accounts, books, records and federal, state and local sales and income tax returns and reports of Franchisee, to include all supporting and back up information and documents, so far as they pertain to the business transacted under this Agreement, shall be open to inspection, examination and audit by BNI and its authorized representatives at any and all times, and copies thereof may be made by BNI and retained for its own use. Upon request by BNI, Franchisee shall furnish to BNI, a signed copy of its income and sales tax and income returns at the same time they are filed with any governmental agencies. All of such records shall be maintained and retained by Franchisee for the Term of this Agreement and for five (5) years thereafter.

10.2 Annual Financial Statements. Upon request by BNI, Franchisee shall submit a full disclosure of all persons with any interest in the BNI Franchise and a complete annual financial statement, including, but not limited to, a profit and loss statement and a balance sheet, for the BNI Franchise, which statement shall be certified by a certified public accountant ("Annual Financial Statement"). The Annual Financial Statement shall be signed by all owners of the BNI Franchise representing that the Annual Financial Statement is true and correct and is the financial position of

Franchisee and the results of the operations of the BNI Franchise during the period covered.

10.3 Audits.

- a. BNI or its representatives shall, at all reasonable times, have the right to examine or audit the books, records, membership dues reports, royalty reports, tax returns or accounts of Franchisee. Any such inspection, examination and audit shall be at BNI's cost and expense unless Gross Revenues as shown by Franchisee's records is found to be understated by more than two percent (2%). Then, in such event, the cost and expense for such inspection, examination and audit shall be borne and paid by Franchisee. Any such cost and expense and any amounts found to be due but not paid shall be set forth in a written invoice delivered to Franchisee by BNI. Franchisee shall reimburse BNI for the invoice amount within seven (7) days after the invoice has been delivered to Franchisee.
- b. BNI may examine or audit the books, records, membership dues reports, royalty reports, tax returns or accounts of any and all persons or entities who are guarantors of the Franchisee's performance under this Agreement in those instances in which Franchisee has failed to make payments of the royalty fees or any other fees due under this Agreement or any reports required under this Agreement in a timely fashion or has otherwise defaulted on any financial obligation under this Agreement. Then, in such event, the cost and expense for such inspection, examination and audit shall be borne and paid by Franchisee. Any such cost and expense and any amounts found to be due but not paid shall be set forth in a written invoice delivered to Franchisee by BNI. Franchisee shall reimburse BNI for the invoice amount within seven (7) days after the invoice has been delivered to Franchisee.

10.4 Delinquent Amounts. If required payments or reports are delinquent, or if an inspection should reveal that the Gross Revenues of membership and/or application fees reported by Franchisee to BNI have been understated, Franchisee shall immediately pay to BNI any sum due, unreported, or understated, in addition to interest and late fees as provided in Article 4.

10.5 Records. Franchisee agrees to maintain and preserve to the extent and for the periods required by any applicable state law, full, complete and accurate balance sheets and profit and loss statements, with supporting records pertaining to its business prepared in accordance with accounting principles generally accepted in the United States of America. Franchisee agrees to maintain and preserve all Non-Disclosure, Non-Solicitation, and Non-Competition Agreements for a period of at least three (3) years after the person's membership or participation in the BNI Franchise ends.

ARTICLE 11

INTELLECTUAL PROPERTY RIGHTS

11.1 Trademarks, Trade Names, Service Marks, Trade Secrets and Copyrights.

- a. **BNI's Ownership of the Trademarks.** Franchisee agrees that the trademark *BNI*®, the trademark *BNI Connect*® and all other trademarks owned by BNI, and all goodwill arising from all the foregoing, are the exclusive properties of BNI Global, LLC and Franchisee asserts no claim and will hereafter assert no claim to the ownership thereof. Franchisee shall not contest BNI Global, LLC's ownership of the BNI Marks

or their validity and shall not do or permit any act or thing to be done in derogation of any of the rights of BNI in connection with the BNI Marks either during the Term of this Agreement or thereafter. Nothing in this Agreement is to be construed to give Franchisee any right, title or interest in or to the BNI Marks except for a non-exclusive revocable privilege and license to display and use the BNI Marks during the Term of, and pursuant to the conditions contained in, this Agreement and the BNI Branding Standards. Franchisee expressly understands and agrees that it has not acquired and shall not acquire any ownership interests, equitable rights, goodwill or other interests in any BNI Marks by virtue of this Agreement, its relationship with BNI, or Franchisee's use of the BNI Marks and shall not represent that it has. Franchisee also understands and agrees that following the expiration or termination of this Agreement for any reason, it cannot attribute any monetary amount to any goodwill associated with its use of the BNI Marks or in connection with the operation of its franchise.

- b. **Trade Secrets.** Franchisee agrees that all materials loaned or otherwise made available to it and all disclosures made to Franchisee and not to the general public by or at the direction of BNI at any time before or during the Term of this Agreement relating to the BNI System, including the Directors Materials in their entirety, financial information, marketing strategy and marketing programs, are trade secrets of BNI and shall be kept confidential and used by Franchisee only in connection with the operation of the BNI Franchise. Franchisee agrees not to divulge any of the trade secrets to any person other than its employees, independent contractors and Leadership Team Members and Support Leadership Team Members, and then only to the extent necessary for the operation of the BNI Franchise and, specifically, that Franchisee shall not, nor permit anyone to, reproduce, copy or exhibit any portion of the non-public Directors Materials or any other trade secrets of BNI. Prior to disclosing any of this information, Franchisee shall secure the signature of the intended recipient on a Non-Disclosure, Non-Solicitation and Non-Competition Agreement.
- c. **Modification of BNI Marks.** If BNI, in its sole discretion, decides to modify or discontinue use of the BNI Marks and/or to adopt or use one or more additional or substituted trademarks, Franchisee shall promptly conform its use of the BNI Marks as directed, in writing, by BNI. It is the sole obligation of Franchisee in any such event to purchase new signs, letterhead, etc. so as to comply with the BNI Marks, and Franchisee waives any other claim arising from or relating to any such change, modification or substitution of BNI Marks.
- d. **Franchisee's Use of the BNI Marks.** BNI's prior written consent is required for the use of any or all of the BNI Marks, or any other mark BNI owns or will own, except as granted herein or as set forth in the BNI Branding Standards and BNI Branding Standards Policy Memorandum. Franchisee shall not use the BNI Marks, any variations or abbreviations, or any words confusingly similar to the BNI Marks, as part of its name if Franchisee is or becomes a corporation or other legal entity. Franchisee shall use the BNI Marks and/or any trademark or service mark or trade name adopted by BNI, or other written instructions from BNI, including the form and manner and appropriate legends as may be prescribed by BNI. Franchisee shall not use any other trademark, service mark or trade name in combination with the BNI Marks without BNI's prior written consent. Franchisee shall not use the BNI Marks, or any other mark BNI owns or will own, in any advertising, promotion or marketing that has not been provided to Franchisee by BNI or previously approved in writing by BNI. Franchisee shall permit BNI to inspect Franchisee's uses of the BNI Marks at all reasonable times

for the purpose of ascertaining compliance with this Agreement. Except when necessary to comply with this Agreement, Franchisee shall not place the BNI Marks, nor provide any third party the BNI Marks for the purpose of placing the BNI Marks on any products, supplies or any other item in any form for any purpose, unless Franchisee acquires prior written approval from BNI or as pre-approved as set forth in the BNI Branding Standards and BNI Branding Standards Policy Memorandum. Except when necessary to comply with this Agreement, Franchisee shall not use or associate in any way the BNI Marks with any services not approved by BNI in writing. Should Franchisee file for or otherwise acquire any trade secrets, copyrights, trademarks, internet domain names relating to the BNI system or BNI Marks, BNI Global, LLC will be included in all applications, registrations, and other filings or notices which may be made with respect thereto in any jurisdiction and any such filings will be the sole property of BNI Global, LLC in accordance with the terms and conditions set forth herein. Franchisee shall sign any and all documents necessary to transfer any such filings to BNI Global, LLC. Franchisee acknowledges that on expiration or termination of this Agreement, no monetary sum shall be designated as attributable to any goodwill associated with Franchisee's use of the BNI System and the BNI Marks during the term of this Agreement.

- e. **Trademarks and Trade Names.** In connection with the operation of the BNI Franchise, including advertising, Franchisee shall use no name or service mark other than the names *BNI®* or *BNI Connect®* or any derivative of such names, or such other names or Marks as may be specified by BNI. Franchisee shall not use the BNI Marks, or any other mark BNI owns or will own, in any advertising, promotion and marketing that has not been provided to Franchisee by BNI or previously approved in writing by BNI. Franchisee shall identify itself as a holder of a license from BNI, unless applicable law requires other or additional identification. Franchisee shall use the name and service mark in such format and with such suffix or prefix as BNI may from time to time designate. Franchisee shall not register the BNI Marks with any authority unless required to do so by this Agreement. Franchisee shall identify itself to the general public by referencing the geographic region with the mark "BNI®" as follows: "BNI [Territory]" (as identified in this Agreement) or another name as approved by BNI in writing. If BNI changes, improves or modifies the BNI Marks, then Franchisee shall accept, use, and display, as may be applicable, such modified BNI Marks in accordance with the procedures, policies, rules and regulations contained in the Directors Materials, as though they were specifically set forth in this Agreement. Franchisee agrees that this provision is fair and necessary to enable the business to remain competitive.
- f. **Assumed Name Registration.** If Franchisee is required to do so by any statute or ordinance, Franchisee shall promptly, upon the execution of this Agreement by BNI, file with applicable government agencies or offices, notice of its intent to conduct its business under the name "BNI [Territory]" (as identified in this Agreement) or another name as approved by BNI in writing. Promptly upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall promptly execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if Franchisee fails to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Franchisee hereby irrevocably appoints BNI as its attorney-in-fact to do so for and on behalf of Franchisee.

- g. **Copyrights.** BNI owns all copyrightable subject matter that BNI provides to Franchisee or Franchisee prepares to operate the BNI Franchise. If and to the extent that certain rights and interests in derivative works are not owned by BNI, then Franchisee irrevocably assigns to BNI all of its interests in the copyright for such derivative work. To the extent that such work cannot be assigned, Franchisee hereby irrevocably and perpetually licenses, exclusively to BNI, on a royalty-free basis, all rights in said works. Franchisee further agrees to reasonably cooperate with BNI as necessary to confirm and perfect such rights for BNI. Where Franchisee commissions any third party to prepare any copyright work in connection with the BNI Franchise, Franchisee will ensure that such third party agrees to transfer the copyright to BNI. To the extent the copyright is nontransferable under the laws of the Territory, Franchisee hereby grants BNI (or will procure from the owner of the copyright) an irrevocable, fully transferable and assignable, worldwide royalty-free exclusive license to use, reproduce and otherwise employ such copyrighted items. Immediately upon BNI's request, or at the termination or expiration of this Agreement, Franchisee will return all copyrightable subject matter in Franchisee's control to BNI, whether such materials were prepared by BNI, Franchisee or a third party. To the extent such materials are stored electronically, after returning one copy to BNI, Franchisee will destroy the electronic copies and confirm in writing to BNI that all said copies have been returned or destroyed.

11.2 Independent Contractor.

- a. Franchisee and BNI acknowledge and agree that this Agreement does not create a fiduciary relationship between Franchisee and BNI, that Franchisee is 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. Nothing in this Agreement authorizes Franchisee or its employees to make any contract, agreement, warranty, or representation on BNI's behalf, or to incur any debt or other obligation in BNI's name.
- b. During the Term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the BNI Franchise and each Chapter pursuant to a franchise agreement with BNI. Franchisee shall post notices as specified by BNI to that effect in such locations and by such means determined reasonably necessary by BNI to inform the public, customers and suppliers.
- c. Franchisee is responsible for, and shall promptly pay when due, all expenses of the BNI Franchise, including all taxes and levies of any kind in connection with the BNI Franchise and the income arising from the BNI Franchise.
- d. BNI does not regulate the hiring or discharge of Franchisee's employees, officers, independent contractors or agents, the parties from whom Franchisee may accept business, the working conditions of Franchisee's employees, officers, independent contractors or agents or Franchisee's contracts with customers, suppliers or others.
- e. Franchisee shall represent that it is doing business as a Franchisee under the trade name and style of "BNI [Territory (as identified in this Agreement) or another name as approved by BNI in writing]". Franchisee shall prominently display a notice as required by BNI, as well as a statement on Franchisee's letterhead and on all forms, printed materials and marketing materials to be distributed to the public, which clearly states

that "EACH FRANCHISE IS INDEPENDENTLY OWNED AND OPERATED."

11.3 Infringement Claims.

- a. **Asserted Against Others.** Franchisee shall promptly notify BNI of any third-party infringement or other use of the BNI Marks, or any imitation thereof, or any trade secrets, manual or part of the BNI System. BNI will determine in its reasonable discretion whether to bring an action against the third party for such use, and BNI will have the exclusive right to bring such an action. If BNI does bring such action, BNI may name Franchisee as a nominal party to the action. If BNI decides not to file an action and Franchisee desires to bring such an action, Franchisee must first consult with BNI and obtain BNI's written permission. As part of such consultation, BNI will advise Franchisee whether Franchisee can bring suit in BNI's name. BNI will also advise Franchisee if BNI will reimburse Franchisee for any expenses Franchisee incurs in connection with such action. BNI is not required to reimburse Franchisee for any such costs and expenses. Franchisee must keep BNI advised of the status of such action and Franchisee must in good faith consider any input BNI may make relative to such action. Insofar as Franchisee must protect the BNI marks and system in its Territory, it is envisioned that situations may arise involving improper use by others. Franchisee agrees that any damages that are awarded as a result of infringing upon the BNI Marks are to be remitted to BNI. However, if Franchisee pays for the expenses of suit, the expenses shall be reimbursed first and then BNI and Franchisee shall split the remaining awarded funds on a 50%/50% basis.
- b. **Asserted by Others.** If Franchisee learns of any claim, suit or demand against Franchisee or the BNI Marks on account of any alleged infringement, unfair competition, or similar matter relating to the BNI Marks, or any unauthorized use of the BNI Marks, Franchisee shall promptly notify BNI in writing. BNI has the sole right to defend, compromise or settle any such claim at BNI's sole cost and expense, using attorneys of its own choosing. Franchisee shall cooperate fully with BNI in connection with the defense of any such claim and hereby irrevocably appoints BNI to defend or settle all of such claims, demands or suits. Franchisee may participate at its own expense in such defense or settlement, but BNI's decisions shall be final and binding upon Franchisee. Franchisee shall not settle or compromise any such claim without the prior written consent of BNI. BNI agrees to indemnify and hold Franchisee harmless against any claim or demand arising from Franchisee's authorized use of the BNI Marks provided Franchisee has promptly notified BNI of the claim or demand as required by this Article.
- c. **Cooperation.** If BNI undertakes the defense or prosecution of any litigation relating to the BNI Marks or components of the BNI System, Franchisee agrees to execute any and all documents and to do such acts and things as may, in the opinion of legal counsel for BNI, be necessary to carry out such defense or prosecution.

11.4 Improvements. Franchisee agrees that BNI owns and has the perpetual right to use and authorize other BNI franchisees to use, and Franchisee must fully and promptly disclose to BNI, all ideas, concepts, methods, techniques, customers and customer data relating to the development and/or operation of a BNI Franchise conceived or developed by Franchisee, its employees or agents during the term of this Agreement (collectively, "Improvements"). Franchisee and BNI will comply with all privacy act laws and regulations as required by the laws of the United States as it pertains to any part of the Improvements.

11.5 Survival. The covenants, restrictions and obligations stated in this Article shall survive the termination or expiration of this Agreement.

ARTICLE 12

COMPETITION AND ECONOMIC DEVELOPMENT

12.1 Unfair Competition. Franchisee acknowledges and agrees to the uniqueness of the BNI System and that BNI is making its knowledge, know-how and expertise available to it for the purpose of operating the BNI Franchise. Franchisee agrees that it would be an unfair method of competition for Franchisee to use or duplicate or to allow others to use or duplicate any of the knowledge, know-how and expertise received from BNI for any use other than for the operation of the BNI Franchise. Franchisee, therefore, warrants that, during the Term of this Agreement, it will utilize its best and continuing efforts to promote and develop the BNI Franchise in the Territory and during the Term of this Agreement and at all times thereafter shall not directly or indirectly engage in the operation other than franchises from BNI, which utilizes or duplicates the BNI System, any trade secrets of BNI, or the BNI Mark.

12.2 Impact of BNI's Economic Development.

- a. **Territory.** Franchisee and BNI agree that there are no other territorial rights that arise or shall be inferred under this Agreement except those rights expressly given to Franchisee in this Agreement. BNI expressly reserves the right to own, operate or license another person to own or operate or license a BNI territory outside of the Territory. In consideration of the grant of the Territory, Franchisee agrees that there are no implied covenants of good faith and/or fair dealing or other theories in connection with the grant of territorial rights to Franchisee.
- b. **BNI's Business Interest.** BNI is free to pursue its own business interests as it seeks them and is not obligated to do or refrain from doing anything except as expressly set forth in this Agreement.

ARTICLE 13

INSURANCE: INDEMNITY

13.1 Insurance. Within thirty (30) days from the Effective Date of this Agreement, Franchisee shall obtain and, at all times during the Term of this Agreement, maintain in full force and effect, at its sole cost and expense, a commercial general liability policy providing coverage for any and all claims including:

- a. bodily and personal injury, death, property damage, personal and advertising injury, products liability, contractual liability (including coverage for the indemnification and hold harmless provision set out below), or other coverage required by law in conjunction with the conduct of the BNI Franchise. Such insurance coverage must be maintained under one or more policies of insurance issued by an insurance carrier or carriers acceptable to BNI. The policies shall provide coverage with combined single limits of not less than Two Million Dollars (\$2,000,000) per occurrence, or in such other amounts or coverage as BNI may periodically require.
- b. data breach, data security, cyber liability, and other electronic network losses in conjunction with the conduct of the BNI Franchise. Such insurance coverage must be maintained under one or more policies of insurance issued by an insurance carrier or carriers acceptable to BNI. The policies shall provide coverage with combined single limits of not less than One

Million Dollars (\$1,000,000) per occurrence, or in such other amounts or coverage as BNI may periodically require.

BNI reserves the right to lower such amount for insurance required by in writing. Franchisee shall require that all policies name BNI and its affiliates as additional insureds, must contain a waiver of the insurance company's right of subrogation against them, and must provide that each such entity will receive thirty (30) days' prior written notice of termination, expiration or cancellation of any such policy. BNI may increase the minimum liability protection requirement annually to reflect inflation and other relevant factors. Further, BNI may require, at any time, on reasonable prior notice to Franchisee, different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in public or product liability litigation and business related liability, or other relevant changes in circumstances. Franchisee shall annually submit to BNI or its designated agent a copy of the certificate of insurance or other evidence of the renewal or extension of each such insurance policy. Franchisee's obligation to maintain the insurance described herein must be primary and not be limited in any way by any insurance maintained by BNI or its affiliates, nor must Franchisee's performance of such obligations relieve Franchisee of any obligations under this Agreement. Franchisee assumes all risk relating to the adequacy of any insurance or self-insurance program and waives any claim against BNI and its affiliates for any liability, cost or expense arising out of any uninsured claim.

13.2 Indemnity by Franchisee. Franchisee agrees to defend, indemnify and hold harmless BNI and its affiliates against and from all fines, penalties, taxes, expenses, costs, losses or damages (including reasonable attorneys and accounting fees or expenses), resulting from any claim, demand or cause of action arising out of or in any way related to the BNI Franchise and its Chapters and all their activities, including any claim, demand or cause of action asserted against BNI or its affiliates on the basis of theories of vicarious liability such as agency, apparent agency, employment or joint employment, subsidiary or indirect liability arising out of all state and federal laws and regulations governing commercial concession agreements, wherever the action or proceeding is instituted. Franchisee also shall defend BNI and its affiliates against the same anywhere in the world, except that BNI may use its own legal counsel and (to the extent permitted by any applicable law) control any matter in which BNI or its affiliates are named or directly affected, for which legal fees, costs and expenses the Franchisee shall reimburse BNI. Where applicable law does not allow BNI to control the matter, BNI shall have the right to nominate legal counsel of its sole choice to review all correspondence, submissions and other documents in advance and to request such amendments and alternations to the same as are necessary to protect the rights and interests of BNI. This indemnification shall survive termination or expiration of this Agreement. This indemnification does not apply to the direct consequences of BNI's or its affiliates' gross negligence or willful misconduct, unless the claim, demand or cause of action is asserted on the basis of theories of vicarious liability referred to above or negligent failure to compel Franchisee's compliance with the provisions of the Support Director Consultant Orientation Manual or this Agreement.

13.3 Indemnity by BNI. BNI agrees to defend, indemnify and hold harmless Franchisee and his, her or its affiliates against and from all fines, penalties, taxes, expenses, costs, losses or damages (including reasonable attorneys and accounting fees or expenses), resulting from any third-party claim, demand or cause of action arising out of or in any way related to any material breach of this Agreement by BNI, wherever the action or proceeding is instituted. This indemnification shall survive termination or expiration of this Agreement. This indemnification does not apply to the direct consequences of Franchisee's or his, her or its affiliates' gross negligence, willful misconduct, or intentional acts.

ARTICLE 14

TAXES

Franchisee shall pay, when due, all taxes levied or assessed in connection with the possession, ownership or operation of the BNI Franchise or in connection with amounts paid or received under this Agreement, including without limitation any sales or income taxes (other than any tax that is measured by or related to the net income of BNI or to its corporate status in a state). If any such tax is paid by BNI, Franchisee shall promptly reimburse BNI the amount paid. If any bona fide dispute as to the liability for a tax assessed against Franchisee, Franchisee may contest the validity or the amount of the tax in accordance with procedures of the taxing authority. Franchisee shall not permit a tax sale or seizure against any assets of the BNI Franchise.

Without derogating from the above, and for avoidance of doubt, all payments to BNI under and/or in connection with this Agreement shall be made net of any deductions and/or withholding of any amount (including without limitation of taxes) and if the Franchisee will have to withhold any amounts from payments payable to BNI under and/or in connection with this Agreement, including without limitation, any withholding of income taxes or any other taxes, the Franchisee shall gross up such payment such that BNI will receive, as its net payment, the amount payable under and/or in connection with this Agreement after all withholdings and deductions. Any duties imposed under, if imposed, in relation to this Agreement or the BNI Franchise, shall be borne and paid solely by Franchisee.

ARTICLE 15

ASSIGNMENT/SUCCESSION: CONDITIONS AND LIMITATIONS

15.1 Full Compliance. Any purported assignment or transfer by Franchisee of Franchisee's rights and obligations under this Agreement that is not in full compliance with this Article shall be of no force or effect and null and void and give BNI the right to immediately terminate without opportunity to cure pursuant to this Agreement.

15.2 Transfer. As used in this Agreement, the term "transfer" or "assignment" means and includes the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by Franchisee or any of its owners of any interest in or grant of any security interest in (a) this Agreement; (b) the BNI Franchise; (c) Franchisee; or (d) some or all of the assets of the BNI Franchise (other than inventory items in the ordinary course of business).

15.3 Transfer and/or Assignment by Franchisee. This Agreement has been entered into by BNI in reliance upon and in consideration of the singular person skill, character, aptitude, business capability, financial capacity and general qualifications of Franchisee's Owners and the trust and confidence reposed in Franchisee's Owners or, the Principal Owner, principal officers, directors and/or partners thereof who will actively and substantially participate in the ownership and operation of the BNI Franchise. Accordingly, the rights and duties created by this Agreement are personal to Franchisee's Owners and neither Franchisee's Owners interest in this Agreement nor any of its rights or privileges hereunder nor the BNI Franchise or any interest therein may be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without the prior express written consent of BNI. To the extent that BNI shall deem more than one person to be skilled and qualified to own and operate the Franchise and to the extent Franchisee and such individuals desire to own and operate the Franchise in combination pursuant to a separately entered into agreement, BNI may award the Franchise to said persons ("Related Entity") who together shall replace herein the singular person referred to in this Paragraph. All such requirements of the singular person shall then be considered the requirements of all such individuals

forming the Related Entity. To the extent that Franchisee desires to be organized as a non-individual legal entity, BNI shall consider such ownership and operation subject to the terms of this Agreement. In all such cases, the individual who controls the operation of the Franchise must be a trained BNI Director or Director Consultant. Any actual or intended assignment, transfer or sale made or accomplished in violation of the terms of this Article shall be null and void and will constitute a material breach of this Agreement giving BNI the right to immediately terminate the Franchise without opportunity to cure pursuant to this Agreement; provided, however, that transfers of the voting equity of the Franchisee entity shall be permitted, without needing to seek BNI's consent or comply with any of Article 15.3(a) through 15.3(m), so long as the individuals that owned the Franchisee entity immediately prior to such transfer remain, collectively, the owners of one hundred percent (100%) of the voting equity of the Franchisee entity following such transfer and there is no change of control of such Franchisee entity, provided it otherwise complies with the provisions of Article 15.3, shall not be subject to the Transfer Fee set forth in Article 15.3(c). BNI may consent to the proposed transfer in its reasonable business judgment and upon the strict compliance with, but not limited to, the following requirements by Franchisee and proposed assignee, which requirements Franchisee agrees are reasonable:

- a. Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and BNI or its affiliates and Franchisee is in compliance in all respects with this Agreement including being in full compliance with all payments due BNI for any reason;
- b. Franchisee or the proposed assignee shall remit a nonrefundable application fee of Three Hundred Sixty Dollars (\$360) ("Application Fee") along with a current application in forms required by BNI. The Application Fee is subject to change at the sole discretion of BNI. If the application from the proposed assignee is approved by BNI and a Transfer Fee is remitted as required below, then the Application Fee will be applied as a partial payment of the Transfer Fee;
- c. Franchisee pays to BNI a Transfer Fee in the amount of five percent (5%) of the sales price (inclusive of any non-cash consideration using market valuation) or 25% of the then-current Initial Franchise Fee, whichever is greater. Franchisee agrees that the Transfer Fee is reasonably required to cover BNI's expenses relating to said transfer; in the event of a transfer between two or more partners or owners of Franchisee, the remaining partner/owner must pay the Transfer Fee;
- d. BNI receives written notice of the proposed transfer at least ninety (90) days prior to the anticipated closing date, together with all forms required by BNI and any other information BNI may request concerning the proposed assignee or the proposed transaction between Franchisee and the prospective assignee;
- e. Franchisee pays all taxes, debts and obligations owed to third parties which relate to Franchisee's operation of the BNI Franchise or the proposed assignee otherwise assumes such liabilities;
- f. Franchisee transfers to BNI any and all its rights, titles and interests to any and all internet domain names associated with the BNI Franchise;
- g. The proposed assignee, is not an existing franchisee of BNI, and, in BNI's sole judgment, satisfies all of BNI's business and financial standards and requirements; has the aptitude and ability to operate the BNI Franchise; possesses a good business

reputation and credit rating, and possesses the aptitude and ability to conduct the Franchised Business in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); and that the proposed assignee complete and be approved through BNI's standard franchise application and selection process, including but not limited to a satisfactory completion of a standard criminal history background check, financial background check, and an in-person visit/interview at BNI's headquarters, currently in Charlotte, North Carolina. If the proposed assignee does not meet the financial standards and requirements necessary for approval of the requested transfer, BNI may, at its own discretion, approve the requested transfer conditioned on the execution of a guarantee of all payment obligations by Franchisee of up to the first twelve (12) months of the proposed assignee's franchise agreement. There can be no more than three proposed assignees unless approved by BNI in writing, and each proposed assignee must meet the requirements in this paragraph (g). All proposed assignees must be owners of the newly formed entity;

- h. Franchisee and its Principal Owner, execute a general release, in a form satisfactory to BNI, of any and all claims against BNI, its affiliates, and their respective officers, directors, agents, and employees, in their corporate and individual capacities;
- i. All training and orientation programs required by BNI pursuant to this provision must be successfully completed as soon as possible but in no event within 180 days after the approval of the proposed sale and execution of the franchise agreement with the proposed assignee. All proposed Executive Directors of the proposed assignee must successfully complete the Executive Director Training within this time period. Both the largest shareholder/owner and owners totaling at least fifty-one percent (51%) of Franchisee after such assignment must have successfully completed Support Director Consultant Orientation within this time period. The proposed assignee must remit a non-refundable training fee to BNI in the amount of the then-current training fee for such training prior to such training;
- j. The proposed assignee shall execute the then-current franchise agreement. The proposed assignee shall not be required to pay an initial franchise fee, but, at the time of execution of the then-current franchise agreement, shall purchase the necessary supplies to support a Territory according to the guidelines of BNI;
- k. The proposed assignee shall provide proof of receipt as required by BNI of any information required by the rules and regulations of any franchise disclosure legislation delivered to the proposed assignee by BNI as required by state and/or federal laws;
- l. The delivery by Franchisee or proposed assignee to BNI, prior to any assignment, an executed copy of the contract setting out an intent to sell by Franchisee and an intent to buy by the proposed assignee of the BNI Franchise, and BNI, in its reasonable judgment, does not object to such contract within sixty (60) days after receipt of such contract. Approval of such contract by BNI does not constitute approval of the transfer by BNI nor does it constitute approval or any type of guarantee as to the terms and provisions of such contract; and
- m. The prospective assignee, and all of its owners, shall execute the form of a "Unconditional Guaranty", in the form provided for by BNI, guaranteeing the

performance of all terms, conditions, covenants and obligations of the new franchise agreement.

15.4 Notice of Proposed Transfer by Franchisee. Franchisee shall notify BNI of such intention to transfer by written notice by certified mail setting forth the proposed assignee's name, address, statement of financial qualification and business experience during the previous five (5) years as required by BNI. If BNI does not exercise its right of first refusal under this Agreement, BNI shall have forty-five (45) days from the completion of the conditions set out in this Article and receipt of such notice as required in this paragraph to submit to Franchisee and the proposed assignee the necessary documentation to effect the transfer of the BNI Franchise.

15.5 Franchisee Information. BNI may advise any proposed assignee of any uncured breaches or defaults by Franchisee under this Agreement, or any other agreement relating to the BNI Franchise proposed to be assigned, transferred or sold. BNI's approval of such proposed transaction shall not, however, be deemed a representation or guarantee by BNI that the terms and conditions of the proposed transaction are economically sound or that, if the transaction is consummated, the proposed assignee will be capable of successfully conducting the BNI Franchise and no inference to such effect shall be made from such approval.

15.6 Prohibition Against Encumbrance. Without BNI's prior written consent, Franchisee shall not grant any security interest in this Agreement, in the BNI Franchise or in any assets used in the operation of the BNI Franchise, nor shall any ownership interest in any corporate, limited liability or partnership Franchisee be pledged or encumbered.

15.7 Transfer Due to Death or Incapacity.

- a. Franchisee, Principal Owner, Principal Owner's estate or Franchisee's Owner(s) will promptly notify Franchisor in the event of a death, disability or incapacity of Principal Owner. In such an event, if the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as an Owner or Principal Owner, such person or entity shall exercise one (1) of the following options (provided notice is given to BNI within ninety (90) days of disability or death):
 - i. propose to assign the Agreement to the heirs of Franchisee's Principal Owner, provided said proposed assignee(s) is (are) a trained Director/Director Consultant of BNI or shall be so trained within ninety (90) days of the date of the death or disability, and the proposed assignee assumes all obligations of this Agreement or executes a then current franchise agreement assuming all obligations and term limits of this Agreement as required by BNI, and the proposed assignee executes a new unconditional guarantee in the form then currently used by BNI; or
 - ii. BNI shall have the right to reasonably deny any such proposed assignment under Section 15.7(i). If Franchisor exercises such right, the heir or successor-in-interest may apply for and obtain our consent to transfer the BNI Franchise pursuant to the terms of this Article 15.

During any transition period to an heir or successor-in-interest, the Franchised Business must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent, disabled, or incapacitated person is the spouse or child of such person, no Transfer fee will be payable

to us.

- b. Notwithstanding the provisions of Article 15.7.a, in the event Principal Owner dies or becomes disabled, the Franchisee must replace the Principal Owner with a person suitable to BNI who meets the criteria hereunder within ninety (90) days, or BNI may terminate this Agreement.
- c. If the Franchised Business is not transferred or sold (in the event Principal Owner is not replaced per Article 15.7.b) within ninety (90) days of the disability or death of the Franchisee's Principal Owner, BNI may terminate this Agreement.
- d. To avoid the ninety (90) day deadline that could result in BNI taking over supervision of the BNI Franchise or result in the termination of this Agreement, Franchisee may pre-qualify a temporary manager. Franchisee may, at any time prior to a disability or death, take steps to obtain approval for the appointment of a temporary manager who will supervise and operate the BNI Franchise until a successor is legally appointed ("Temporary Manager"). Franchisee shall submit the name of a trained Director/Director Consultant to BNI for approval in accordance with a form provided by BNI and a Six Hundred Dollar (\$600) administrative processing fee (if proposed Temporary Manager is not already an Executive Director), which is subject to change at BNI's sole discretion. BNI shall notify Franchisee within thirty (30) days whether the individual is approved or if BNI requires further information about the candidate. Approval of the candidate shall not act as approval of any transfer or assignment to said individual. Upon the death or disability of the Franchisee, the Temporary Manager shall be able to manage the BNI Franchise for a maximum period of one (1) year, absent written agreement from BNI otherwise. Appointment of a legal administrator or guardian for the Franchisee or its estate shall immediately terminate the Temporary Manager's authority. Franchisee shall update said preapproved successor if Franchisee desires or if BNI requests. BNI may withdraw its preapproval of any successor upon notice to Franchisee.
- e. If Franchisee does not establish a Temporary Manager, then, upon death or disability of Franchisee, then BNI may allow the continuation of operation of BNI Franchise with BNI monitoring and the Monthly Continuing Royalty would be increased to thirty percent (30%) of the Gross Revenues until such time as a successor meeting BNI's qualifications and approval is appointed or, after ninety (90) days of the date of the death or disability, at such time BNI terminates this Agreement. It is agreed that such increase in the Monthly Continuing Royalty would be warranted in light of the additional supervision that would be needed on the part of BNI.

15.8 No Waiver. BNI's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of BNI's right to demand compliance with any of the terms of this Agreement by the transferor or transferee.

15.9 Assignment by BNI. This Agreement will benefit the successors and assigns of BNI. BNI will have the right, without Franchisee's prior written consent, to transfer, assign, pledge, novate or otherwise encumber this Agreement or any of its rights or obligations under this Agreement to any person, persons, partnership, association, corporation, or other legal entity, provided that that the assignee agrees to be bound to perform all of BNI's obligations under this Agreement. BNI shall not be liable for any obligations accruing hereunder after the effective date of such assignment. In the event of any such assignment and in consideration of BNI procuring for Franchisee an undertaking

from the assignee to be bound by BNI's obligations under this Agreement, Franchisee will re-execute this Agreement with the assignee if and as BNI (or the assignee) requires it to do so. If Franchisee fails to comply with the provisions of this Article, it hereby irrevocably appoints BNI as its agent with full authority to re-execute this Agreement with the assignee. BNI shall have the right, but not the obligation, to cause a BNI subsidiary or affiliate to perform any or all of its obligations and exercise any or all of BNI's rights in this Agreement and any other agreement with Franchisee, and to require Franchisee to perform any or all of its obligations in this Agreement and any other agreement with BNI, in favor of such subsidiary or affiliate, by delivery of written notice thereof to Franchisee.

15.10 Organization of Franchisee. If Franchisee desires to assign this Agreement to an entity formed or controlled by Franchisee, in addition to Franchisee's compliance with the conditions set out in Article 15.3, BNI may grant its consent, provided:

- a. Franchisee and its Owner is, and covenants to remain, the owner of one hundred percent (100%) of the voting equity of the new franchisee entity or, in the event Franchisee has more than one (1) Owner, each Owner shall have the same proportionate ownership interest in the new franchisee entity as that Owner had in the Franchisee prior to the transfer;
- b. The payment by Franchisee to BNI of an assignment fee in the amount of Six Hundred Dollars (\$600), which is subject to change at BNI's sole discretion. Franchisee agrees that such assignment fee is reasonably required to cover BNI's expenses relating to said transfer;
- c. All documents of the transferee entity reasonably required by BNI are provided to BNI prior to the transfer;
- d. Franchisee's Principal Owner shall be designated as the principal owner for the new franchisee entity and shall be responsible for the ongoing fulfillment of the obligations of this Agreement pursuant to the operation of the Franchised Business;
- e. Franchisee and all the shareholders, officers and directors of the assignee entity personally guarantee the obligations to be performed under this Agreement by the Franchisee entity and each shall sign an unconditional guaranty in a form required by BNI;
- f. Franchisee may not assign to any entity not acceptable to BNI; and
- g. Transferee entity must assume the obligations to be performed under this Agreement and shall sign a then-current franchise agreement.

15.11 Reasonableness. As to any assignment, sales or transfer of any kind or type, Franchisee has the sole burden of proving that BNI acted unreasonably in any respect.

ARTICLE 16

RIGHT OF FIRST REFUSAL

16.1 Right of First Refusal. If Franchisee wishes to accept an offer from a third party to purchase all or substantially all of the assets constituting the BNI Franchise or a controlling interest in the voting equity of Franchisee, Franchisee shall give BNI written notice setting forth the name and address of the prospective purchaser, together with a franchisee application completed by the prospective

purchaser, and a *bona fide*, executed written offer from the prospective purchaser signed by both the prospective purchaser and the Franchisee (a “*Letter of Intent*” or “*LOI*”). The LOI must be signed by both Franchisee and the third-party prospective buyer, must contain the offered purchase price, all material terms of the offer that an investor would need in making a decision regarding whether to proceed with an investment including but not limited to any promissory notes or other financing terms and all exhibits to the offer, and a confidentiality covenant by Franchisee and the prospective buyer to which BNI shall be an intended third-party beneficiary. The proposed buyer must meet the requirements of Article 15 and Section 16.1.1 below. BNI, its subsidiaries and affiliated companies, will then have the prior option to purchase the interests covered by the offer at the price and upon the same financing terms of the offer. BNI may in its sole discretion, substitute cash for any payment method set out in the offer. BNI may substitute the equivalent cash as solely determined by BNI for all non-cash consideration. For the avoidance of doubt, BNI shall not be required to match any other terms in the offer, nor the type of agreement proposed. If BNI exercises its right, it shall offer an asset purchase agreement, regardless of the type of agreement the prospective purchaser offered to Franchisee, containing customary terms such as representation and warranties, general release and indemnification obligations. BNI will have sixty (60) days after receipt of the notice of offer and the furnishing of all reasonably requested information within which to notify Franchisee of BNI's intent to exercise its right hereunder. Reasonably requested information includes, but is not limited to, proposed purchaser's proof of funds and personal financial statements. Should the terms of the offer be altered by Franchisee or the prospective purchaser, Franchisee shall notify BNI in writing of the altered terms, and BNI shall have sixty (60) additional days from the date of notification to purchase on the altered terms. Silence on the part of BNI shall constitute rejection. If the proposed sale includes assets of Franchisee not related to the operation of the BNI Franchise, BNI may elect to purchase only the assets related to the operation of the BNI Franchise and an equitable purchase price will be allocated to each asset included in the proposed sale. An offer from a third party includes any transfer, conveyance, assignment, consolidation, merger or any other transaction in which legal or beneficial ownership of the BNI Franchise granted by this Agreement is vested in someone or some entity other than Franchisee.

16.1.1 The LOI must include a description of the interest in the Franchisee or this Agreement and the Franchised Business to be sold, the proposed payment terms, including amount of the contract deposit, the sources and terms of any financing for the proposed purchase price and a description of any conditions to closing which have been requested by the prospective buyer. To be a valid LOI, the proposed purchase price must be stated in U.S. dollars, the prospective buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price, and the Franchisee, this Agreement and the Franchised Business cannot serve as collateral for any proposed financing. Any promissory note duration must match this Agreement's remaining term or, if a new franchise agreement is simultaneously signed, the term of that franchise agreement as determined by BNI (currently, 5 years). The right of first refusal process will not be triggered by a proposed transfer that would not be permitted under Article 15. Franchisor may require Franchisee (or its owners) to send Franchisor copies of any materials or information sent to the prospective buyer regarding the possible transaction, including but not limited to the prospective buyer's proof of funds.

16.2 No Waiver. The election of BNI not to exercise its right of first refusal as to any offer does not affect its right of first refusal as to any subsequent offer or the right to refuse a pending sale by Franchisee.

16.3 Transfer Voided. Any sale, attempted sale, assignment or other transfer of the interests in the BNI Franchise or Franchisee without first giving BNI the right of first refusal described herein shall be void and of no force and effect. Any waiver by BNI of the right of first refusal described herein

does not relieve Franchisee from complying with Article 15.

16.4 Indemnity On Assignment by Franchisee. Franchisee hereby irrevocably agrees to indemnify BNI against any claims for wrongful and/or unfair dismissal and/or redundancy payments or any other claim arising from the exercise by BNI of its right of first refusal (as described above) by any person employed by Franchisee immediately prior to the exercise of such rights of first refusal. Such indemnity shall include legal costs and disbursements incurred by BNI on a full indemnity basis as set forth in Article 13.

ARTICLE 17

TERMINATION

17.1 Default and Termination Without Right to Cure (Except as Provided). Franchisee shall be deemed to be in default of this Agreement, and BNI may terminate this Agreement and all rights hereunder, without affording Franchisee an opportunity to cure the default, effective immediately upon delivery of notice by BNI to Franchisee's address listed herein (or any amended address for which BNI was given written notice), the last home address of which Franchisee has notified BNI in writing, or by the last email address at which Franchisee acknowledged receipt of email, if:

- a. Franchisee or any of its Guarantors, as the term is defined in the Guaranty (see Exhibit E), becomes insolvent or makes a general assignment for the benefit of creditors; or proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or any of its Guarantor(s), a petition in bankruptcy is filed by Franchisee or its Guarantor(s) or such a petition if filed against and not opposed by Franchisee or Franchisee or its Guarantor(s) is adjudicated as bankrupt or insolvent or a bill in equity or other proceeding for the appointment of a receiver of Franchisee or its Guarantor(s) or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or its Guarantor(s) or a receiver or other custodian (permanent or temporary) of Franchisee's or Guarantor(s) assets or property, or any part thereof, is appointed by any court of competent jurisdiction. Franchisee expressly and knowingly waives any rights that it may have under the provisions of the Bankruptcy Code and consents to the termination of this Agreement or any other relief which may be sought in a complaint filed by BNI to lift the provisions of the automatic stay of the Bankruptcy Code. Additionally, Franchisee agrees not to seek an injunctive order from any court in any jurisdiction relating to insolvency, reorganization or arrangement proceedings which would have the effect of staying or enjoining this provision; or
- b. A final judgment related to Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or the assets of Franchisee are liquidated; or execution is levied against Franchisee; or suit to foreclose any lien or mortgage against any assets of the BNI Franchise is instituted against Franchisee and not dismissed within thirty (30) days; or the real or personal property of the BNI Franchise must be sold after levy thereupon by any sheriff, marshal or constable; or
- c. Franchisee has made any material misrepresentations or misstatements, or omits any material facts to BNI on the application to be a franchisee, or with respect to the ownership of the BNI Franchise; or
- d. Franchisee abandons the franchise relationship without the prior written consent of BNI at any time during the Term of this Agreement. The cessation of operation of the

BNI Franchise other than with the prior written consent of BNI, or the failure of Franchisee to comply with Article 5.8 shall be considered abandonment of the franchise relationship provided, however, that no abandonment shall be deemed if the cessation is due to circumstances beyond Franchisee's reasonable control (such as lack of electrical power not due to any action or inaction by Franchisee, weather conditions, earthquakes, strikes and the like) and Franchisee diligently undertakes to resume operations after the reason for such cessation has been abated; or

- e. Franchisee defaults in any payment or indebtedness to BNI and does not cure such default within twenty (20) days' written notice by BNI; or
- f. After the expiration of twenty (20) days' written notice from BNI, Franchisee continues to engage in a similar business to that licensed and established under and pursuant to this Agreement without obtaining BNI's prior written consent, or continues to violate the covenant against competition under this Agreement, or, in violation of this Agreement, continues to market any service or product under a name or mark which, in BNI's sole opinion, is confusingly similar to the BNI Marks; or
- g. Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that BNI believes is reasonably likely to have an adverse effect upon the BNI Franchise, the BNI Marks, the goodwill associated therewith, or BNI's interest therein; or
- h. Franchisee or any owner intentionally discloses or divulges the contents of the Directors Materials or other confidential information provided to Franchisee by BNI (which is otherwise not publicly available) contrary to the terms of this Agreement, or Franchisee or any owner intentionally uses or duplicates the BNI System or engages in unfair competition or discloses any trade secrets of BNI in violation of this Agreement. Concerning the term "intentionally" in this provision, BNI only has to be able to show that any such confidential information has been disclosed or divulged by Franchisee; or
- i. Franchisee purports to effect any sale, assignment, merger or transfer in violation of this Agreement; however, Franchisee may place the BNI Franchise for sale as long as such action does not violate any other provision of this Agreement; or
- j. Franchisee knowingly maintains false books or records, or knowingly submits any false or fraudulent reports, statements or documents to BNI; or
- k. Franchisee misuses or makes any unauthorized use of the BNI Marks or any other identifying characteristics of the BNI System, or otherwise materially impairs the goodwill associated therewith or BNI's rights therein; or
- l. Franchisee is repeatedly in default for failing to comply with any part of this Agreement, whether or not cured after written notice. "Repeatedly in default" shall, for purposes of this provision, mean any of the following:
 - 1. three (3) noticed defaults of this Agreement of any nature, whether or not cured, committed within any twelve (12) month period within the Term of Agreement;

2. four (4) noticed defaults of this Agreement of any nature, whether or not cured, committed within any twenty-four (24) month period within the Term of Agreement; or
3. six (6) noticed defaults of this Agreement of any nature, whether or not cured, committed within the Term of Agreement.

Nothing within this provision shall affect or prohibit BNI's rights to terminate pursuant to and in accordance with any other applicable provisions, terms or language in this Agreement.

- m. Franchisee is subject of repeated complaints to BNI from Members, Directors/Director Consultants, visitors, or other BNI officials/agents. Prior to termination under this provision, Franchisee shall have been provided notice by BNI of any such complaints and given a cure period of twenty (20) days from such notice to properly and effectively handle any such complaints; however, if Franchisee receives three (3) or more of such complaints within any twelve (12) month period within the Term of Agreement, then BNI may terminate without additional notice to Franchisee. Any such complaints must be legitimate complaints as reasonably determined by BNI; however, Franchisee may request any such complaint to be reviewed by an advisory board set up by BNI made up of other BNI franchisees to determine the legitimacy of any such complaint; or
- n. The Principal Owner, or the Manager if applicable, ceases to live within the Territory or ceases to devote full time, exclusive attention and effort to the promotion and operation of BNI Franchise and no cure is made within thirty (30) days of written notice by BNI to Franchisee; or
- o. *Intentionally Deleted*
- p. Franchisee contests BNI's ownership of the BNI Marks or any other trademarks owned or used by BNI; or
- q. Franchisee's actions, in the business judgment of Franchisor, threaten or endanger the health and safety of its Members.

17.2 Default With Opportunity to Cure. Except as set forth in Article 17.1, Franchisee shall have twenty (20) days after receipt of a written notice of default from BNI within which to remedy any default under this Agreement and provide evidence thereof to BNI; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to BNI's satisfaction within the twenty (20) day period (or within such longer period as BNI may grant), and by promptly providing proof thereof to BNI. If BNI determines in its sole reasonable discretion that Franchisee is diligently working to cure any such default and such default cannot be cured within the cure period, then BNI may extend such time for the cure period as reasonably determined by BNI to allow Franchisee to cure such default; however, if BNI reasonably determines that Franchisee has ceased to diligently work on the cure of such default, then BNI may proceed with the termination of this Agreement in accordance with this provision. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate upon further notice to Franchisee. Franchisee shall be in default under this Agreement for failure to comply with any of the requirements imposed by this Agreement or the Directors Materials as it may from time to time be reasonably supplemented or fails to carry out the terms of this

Agreement in good faith.

17.3 No Waiver. The failure of BNI to terminate this Agreement upon the occurrence of one or more events of default shall not constitute a waiver or otherwise affect the right of BNI to terminate this Agreement because of a continuing or subsequent failure to cure one or more of the aforesaid events of default or any other default.

17.4 Notice of Default As Required by Law. Notwithstanding anything to the contrary contained in this Article, if applicable law or regulation limits BNI's rights to terminate or requires longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. BNI shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

17.5 Cross-Default. Any material default by Franchisee under this Agreement, shall constitute a default under any other agreement between Franchisee and BNI, which shall entitle BNI to terminate any other agreement between Franchisee and BNI. Furthermore, any material default of any other agreement between BNI and Franchisee or between any affiliate of BNI and Franchisee, shall entitle BNI to terminate immediately this Agreement without affording Franchisee an opportunity to cure the default, effective immediately upon delivery of notice by BNI to Franchisee. To the extent that there is a conflict between any of the agreements to be terminated and this Agreement, the terms of this Agreement shall control.

17.6 Right to Equitable Relief. If, as a result of any default or breach by Franchisee or its owners, this Agreement is terminated prior to the natural expiration of the Term of this Agreement, the damages that BNI would suffer for the loss of prospective fees, damage to the BNI Marks and the BNI System, damage to BNI's franchise system and other amounts payable to or for BNI in this Agreement would be difficult if not impossible to ascertain such that Franchisor's harm would be irreparable and Franchisor would have no adequate remedy at law regarding such harm. Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of this Agreement relating to Franchisee's use of the BNI Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchise owners, employees, Members, customers, or the public or which may impair the goodwill associated with the BNI Marks.

17.7 Survival. This Article shall survive the termination or expiration of this Agreement.

ARTICLE 18

EFFECT OF TERMINATION

18.1 Effect of Termination. Upon termination, expiration or non-renewal of this Agreement for any reason, Franchisee agrees to and shall do the following:

- a. Cease to use the BNI Marks or any confusingly similar name, device, mark, service mark, trademark, trade name, slogan or symbol used in connection with the BNI Franchise, including any reproduction, counterfeit copy, variation, emulation or

colorable imitation thereof which is likely to cause confusion or mistake or deceive the public; and take any steps necessary to change the name of any corporation or entity which Franchisee may have formed, or under which this Franchisee trades or does business, so that the name will not likely be confused with BNI Marks; and

- b. Immediately return to BNI the Directors Materials and any other materials loaned to it for the operation of the BNI Franchise, together with all materials containing BNI's trade secrets or BNI Marks or documents that may otherwise be marked by BNI as confidential; and
- c. Cease to use the BNI System and methods of operation and comply with the post-term covenants contained in this Agreement; and
- d. Promptly assign to BNI any interest that Franchisee may have in the telephone number and telephone listing used by Franchisee in connection with the operation of the BNI Franchise. Franchisee shall promptly transfer all telephone calls by call-forwarding to BNI, or to such other party or entity as BNI directs and execute any such instruments and take such actions as BNI may deem necessary to affect such transfer and call-forwarding of telephone calls. Franchisee acknowledges that this Agreement is conclusive evidence of BNI's rights to such telephone number and directory listings and its authority to direct such transfer; and
- e. Promptly assign and deliver to BNI, or BNI's designee, in accordance with any applicable privacy laws and at Franchisee's expense, any and all Membership Lists, a complete and accurate statement showing the number and description of all programs or services offered and/or provided by the BNI Franchise, current reports, lists of participants and officers, files on Chapters, locations of Chapter meetings and officer agreements. Franchisee shall not duplicate any membership lists or leads, past or present, used in any manner with the BNI Franchise, and, after deliverance of said materials to BNI, Franchisee shall destroy any and all copies of membership lists and potential referrals used in any manner with the BNI Franchise; and
- f. Promptly pay all sums and debts owing to all third-party creditors of the BNI Franchise, as well as to BNI and its affiliates, whether such sums and debts owing to BNI and its affiliates are evidenced by promissory note, invoice, bill or other writing and notwithstanding the fact that such sums and debts owing to BNI and its affiliates may not at that time be fully due and payable, such debts being accelerated automatically without further notice to Franchisee. If termination is for any default of Franchisee, sums owing to BNI shall include all damages, costs and expenses (including reasonable attorney's fees) incurred by BNI as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of BNI against any and all of the vehicles, personal property, furnishings, equipment, signs, inventory, fixtures or other assets owned by Franchisee and/or used in the BNI Franchise at the time of default, and Franchisee authorizes BNI to file any documents BNI deems necessary to perfect this lien; and
- g. Promptly satisfactorily resolve all Member disputes or reimburse BNI or any franchisee who does so for the reasonable cost of resolving such matters; and
- h. Promptly provide to BNI the rights to use any meeting facilities used in the operation of the BNI Franchise.

18.2 Execution of Documents. BNI may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on its behalf, any and all documents necessary to effect the Attorney-in-Fact Obligations of Franchisee under this Agreement, and Franchisee hereby irrevocably appoints BNI as its attorney-in-fact to do so. While it is difficult to address every situation where such a measure would be required, by way of example only, "Attorney-in-Fact Obligations" shall include Franchisee's obligations following termination of this Agreement and Franchisee's obligations under Sections 9.1, 9.2, 11.1(f), 15.9 of this Agreement.

18.3 BNI's Rights Not Prejudiced. The expiration, termination or non-renewal of this Agreement for any reason shall be without prejudice to BNI's rights against Franchisee and such expiration, termination or non-renewal shall not relieve Franchisee of any of its obligations to BNI existing at the time of expiration, termination or non-renewal, including claims for damages arising directly or indirectly out of any breach or default, nor shall it terminate those obligations of Franchisee which by their nature survive the expiration, termination or non-renewals of this Agreement.

18.4 Survival. This Article shall survive the termination or expiration of this Agreement.

ARTICLE 19

COVENANTS NOT TO COMPETE

19.1 Covenants Not to Compete Reasonable. Franchisee acknowledges that, as a participant in the BNI franchise system, Franchisee will receive business and confidential information and materials, trade secrets, and the unique methods, procedures and techniques developed by BNI. Therefore, to protect BNI and all BNI Franchisees of every type and kind, Franchisee agrees that the provisions in this Article are reasonable and necessary, and constitutes BNI's protectible business interest.

19.2 Manuals and Confidential Information. During the Term of this Agreement or any time thereafter, Franchisee shall not (except as otherwise contemplated by this Agreement) communicate, divulge or use for itself or for the benefit of any other person, persons, partnership, association, corporation or entity any information, knowledge or know-how concerning the Directors Materials, any manuals provided by BNI to Franchisee associated with the BNI Franchise or the BNI System. Franchisee acknowledges that the Directors Materials, any manuals provided by BNI to Franchisee associated with the BNI Franchise and the BNI System are confidential, proprietary and contain trade secrets and shall not contest the confidentiality of the information in them or BNI's sole ownership of them. During the Term of this Agreement or any time thereafter, BNI shall not (except as otherwise contemplated by this Agreement) communicate, divulge or use for itself or for the benefit of any other person, persons, partnership, association, corporation or entity any confidential information concerning the Franchisee and BNI shall take reasonable steps to protect such confidential information to the same extent that Franchisee protects such confidential information. Franchisee shall execute the confidentiality and Non-solicitation and Non-Disclosure Agreements attached hereto.

19.3 In-Term Covenant Not to Compete. During the Term, Franchisee, its owners, officers, and guarantors will not engage in any Competitive Business.

19.4 Post-Term Covenant Not to Compete. For a period of two (2) years immediately following the later of the expiration, termination, or non-renewal of this Agreement for any reason, Franchisee and its Owners, officers, and guarantors will not engage in a Competitive Business with BNI within: (1) the Territory granted to Franchisee; (2) seventy-five (75) miles extending out from the border of

the Territory granted to Franchisee; (3) any other BNI franchisee's Territory then in existence at the time of the termination of this Agreement; (4) seventy-five (75) miles extending out from the border of any other BNI franchisee's Territory then in existence at the time of the termination of this Agreement; (5) any Territory where BNI or its affiliates operate a BNI-branded business at the time of the termination, expiration, or non-renewal of this Agreement; or (6) seventy-five (75) miles extending out from the border of any Territory where BNI or its affiliates operate a BNI-branded business at the time of the termination, expiration, or non-renewal of this Agreement.

19.5 Directors Materials, BNI System and BNI Marks. During the Term of this Agreement or upon the expiration, termination or non-renewal of this Agreement for any reason, or the date on which Franchisee actually ceases operation, Franchisee shall not ever (except as otherwise contemplated by this Agreement) communicate, divulge or use for itself or for the benefit of any other person, persons, partnership, association, corporation or entity any information, knowledge or know-how concerning any confidential information from the Directors Materials or BNI System in any manner in any similar business to that licensed and established under and pursuant to this Agreement and Franchisee shall never use the BNI Marks, or any form of the BNI Marks, any other mark owned by BNI at the time of expiration, termination or non-renewal of this Agreement, or any confidential information from the Directors Materials or BNI System in any manner to engage in or participate in or derive any benefit from any similar business to that licensed and established under and pursuant to this Agreement. Franchisee acknowledges that the Directors Materials and BNI System are confidential, proprietary and trade secrets and will not, at any time, contest the confidentiality of the information in them or BNI's sole ownership of them.

19.6 Ancillary to Agreement. Franchisee acknowledges that the restrictive covenants set forth in this Article are ancillary to this Agreement and are reasonable and necessary for the protection of BNI's legitimate interests in the goodwill of the business operated by BNI, but, if it is determined that the covenants not to compete set forth in this Article are not enforceable for any reason (including but not limited to being unenforceable for the full stated period of time or the stated geographic territory), such covenants shall not be stricken, but shall be reformed to the extent required to be enforceable under and comply with applicable law and as reformed will be fully enforceable.

19.7 Scope. The parties have attempted in this Article to limit Franchisee's right to compete only to the extent necessary to protect BNI from unfair competition by Franchisee. BNI reserves the right to reduce the scope of either, or both, of said provisions without the Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee.

19.8 Definitions. For purposes of this Article 19, the term Competitive Business shall include any of the following:

- a. engaging in any business that is the same, or is materially the same as the Franchised Business; encompasses a business-to-business referral concept; encompasses a business networking concept; encompasses a word-of-mouth marketing business concept; or otherwise competes with BNI;
- b. Operating as a franchisee or franchisor in any business referred to in Section 19.8(a);
- c. working in a management or executive level position for any business referred to in Section 19.8(a);
- d. Providing consulting services, or any other services or material support for any business referred to in Section 19.8(a);

- e. Performing the same or materially the same services for any business referred to in Section 19.8(a) that the Franchisee previously performed as a franchisee of BNI; or
- f. Interfering or attempting to interfere with any of the business relationships of BNI or any other BNI Franchisee(s);

19.9 Tolling. The Franchisee's Post-Term Covenants shall be tolled and it shall be extended by one day for each day that the Franchisee does not comply with the Post-Term Covenants contained in this Article 19.

ARTICLE 20

RESOLUTION OF DISPUTES

20.1 Mandatory Meet and Confer. In case of any dispute arising during the Term of this Agreement, Franchisee agrees that, prior to commencing any mediation or arbitration proceeding as contemplated by Sections 20.2 and 20.3 below, Franchisee will first attempt in good faith to resolve the dispute through confidential non-binding negotiation without legal advisors or third party mediators present. The Parties shall meet and confer in Charlotte, North Carolina at BNI's headquarters or at another location in Charlotte, North Carolina as determined by Franchisor, and the meeting will last at a minimum one full business day. The Parties agree that negotiation shall be conducted on individual basis and may not be consolidated with any other negotiation between Franchisor and any other third party, unless Franchisor, at its sole discretion, allows for consolidated negotiation. The Parties agree that any statements made by either Party during the meeting will not be admissible in any subsequent mediation, arbitration or legal proceeding. Each Party shall bear its own costs and expenses related to the meeting, including but not limited to travel and accommodation. If the dispute has not been settled within thirty (30) days after conclusion of the meet and confer, then, upon prior notice by either Party to the other, the dispute may be submitted for non-binding mediation.

20.2 Non-Binding Mediation. In case of any dispute arising during the Term of this Agreement, which cannot be settled by reasonable discussion among the parties, the parties agree that, prior to commencing any arbitration proceeding as contemplated by Section 20.3 they will first engage the services of a professional mediator agreed upon by the Parties and attempt in good faith to resolve the dispute through confidential non-binding mediation. If the parties cannot agree upon a mediator before the expiration of thirty (30) days from the date that the dispute has been referred to mediation then the parties will use the American Arbitration Association's ("AAA") rules for choosing a mediator. The mediation shall take place in Charlotte, North Carolina unless otherwise mutually agreed to by the Parties. The Parties agree that mediation shall be conducted on individual basis and may not be consolidated with any other mediation between Franchisor and any other third party, unless Franchisor, at its sole discretion, allows for consolidated mediation. The Parties agree that any statements made by either Party in any mediation proceeding will not be admissible in any subsequent arbitration or legal proceeding. Each Party shall bear one-half (1/2) of the mediator's fees and expenses and shall pay all of its own attorneys' fees and expenses related to the mediation. If the dispute has not been settled within thirty (30) days after referring this matter to mediation, then, upon notice by either Party to the other, the dispute shall be submitted for and finally settled by arbitration.

20.3 Arbitration.

a) Institution of Arbitration Proceedings. Any dispute between the Parties arising out of or relating to this Agreement, whether brought forth under breach of contract, tort, restraint of trade or

other theory of statutory or common law, whether brought forth during the Term of this Agreement or post termination of this Agreement, will be settled by binding arbitration before the American Arbitration Association ("AAA") under its Commercial Arbitration Rules in Charlotte, North Carolina by one (1) arbitrator who has at least five (5) years' experience in the areas franchise or distribution, licensing, or commercial contract law, and must not be related to or affiliated with BNI, Franchisee or their respective affiliates, principals, agents or representatives. The parties may jointly agree upon the choice of an arbitrator but if they cannot agree upon one within thirty (30) days from the date of the filing of the arbitration then the parties shall use the process set forth in the AAA Commercial Rules. The arbitrator chosen to resolve the dispute will be bound exclusively by the laws of the State of North Carolina without regard to its principles of choice of law. The arbitrator shall have the power to rule on his or her own jurisdiction, including, but not limited to the issue of jurisdiction over non-signatories to this Agreement. If either party deems it necessary, it can seek interim or injunctive relief in aid of arbitration in accordance with the AAA rules. Judgment upon the award rendered by the arbitrator and/or such interim relief rendered by the arbitrator or the emergency arbitrator may be entered in any court having jurisdiction thereof pursuant to applicable law.

b) Arbitrator Fees and Costs. The parties shall initially share equally all fees and costs of the arbitrator in any arbitration proceeding conducted pursuant to section 20.3 of this Agreement, but at the conclusion of such arbitration proceeding, the prevailing party shall be entitled to be reimbursed by the losing party for all such fees and costs. All other costs and expenses in connection with the arbitration will be borne initially by the party who incurs such expense or who requests a service (including, without limitation, a transcript of a deposition or of the arbitration proceeding). At the conclusion of the arbitration proceeding, all costs and expenses (including, without limitation, reasonable attorneys' fees) of the prevailing party shall be reimbursed by the party that does not prevail. If a party prevails on some but not all issues, the arbitrator will determine the manner in which such costs and expenses (including attorneys' fees) will be borne. The arbitrator has the right to award or include in his or her award any relief which he or she deems proper including, but not limited to, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, to the prevailing party provided that the arbitrator may not declare any mark generic or otherwise invalid or award any consequential, punitive or exemplary damages against either party. For purposes hereof, prevailing party means the party in whose favor final judgment or final award, after appeal (if any), is rendered by a court or arbitrator with respect to the specific claim(s) asserted by such party in any such litigation or arbitration.

c) Payment. Any award rendered by the arbitrator will be paid promptly, without deduction or offset and judgment upon the award may be entered by any court of competent jurisdiction.

d) Confirmation of Award. Any award rendered by the arbitrator may be confirmed in any court of competent jurisdiction. If the award is confirmed by such court, a party challenging the award or resisting enforcement of a judgment entered upon the award will pay, to the extent permitted by law, all costs, attorneys' fees and expenses incurred by the other party in defending the award or seeking enforcement of the judgment.

e) No Collateral Estoppel. The decision of the arbitration panel will have no collateral estoppel effect with respect to a claim by or against any person or business entity who is not a party to the arbitration.

f) Binding on the Parties. The decision of the arbitration panel will be final and binding on the Parties, and the arbitration panel's award will be the exclusive remedy between the parties with respect to all claims and issues arising out of the transaction(s) or occurrence(s) at issue, whether

or not presented or pled to the arbitrator. Notwithstanding the foregoing, either party may appeal the decision of the arbitration panel to the AAA in accordance with AAA rules.

g) Limitation of Adjudicative Proceedings. Each of the Parties irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at or in equity, relating to this Agreement, whether there are other parties in such action or proceeding.

h) Injunctive Relief. Notwithstanding anything in this Article 20, each party recognizes that the failure of the other party to comply with the terms of this Agreement could cause the non-breaching party irreparable damage for which monetary damages would be insufficient. Therefore, it is mutually agreed that in the event of a breach or threatened conduct that may cause a party to breach and is likely to result in any irreparable loss or damage according to the equity rules (including for a violation of Article 11 and Section 19.2), the non-breaching Party may seek interim injunctive relief from a court, until such time as a final and binding determination is made by the arbitration panel. If interim injunctive relief is sought from a court, it shall be sought in a court of competent jurisdiction. Application to a court for interim injunctive relief shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate. The foregoing right to seek interim injunctive relief is in addition to, and not in lieu of, all other remedies or rights that the non-breaching Party might otherwise have by virtue of any breach of this Agreement by the other Party. Notwithstanding anything to the contrary in this Agreement, Franchisor will have the right to commence a civil action in any court of competent jurisdiction against Franchisee or take other appropriate action to compel Franchisee's compliance with standards related to Intellectual Property owned by Franchisor or requirements to protect the goodwill of the intellectual property owned by Franchisor and/or its Affiliates.

20.4 WAIVER OF CLASS ACTIONS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISE, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

20.5 WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

20.6 WAIVER OF PUNITIVE DAMAGES. FRANCHISEE HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) AGAINST FRANCHISOR ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREES THAT IN THE EVENT OF A DISPUTE, THAT FRANCHISEE'S RECOVERY IS LIMITED TO ACTUAL DAMAGES. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS WILL CONTINUE IN FULL FORCE AND EFFECT, INCLUDING, WITHOUT LIMITATION, THE WAIVER OF ANY RIGHT TO CLAIM ANY CONSEQUENTIAL DAMAGES. NOTHING IN THIS SECTION OR ANY OTHER

PROVISION OF THIS AGREEMENT WILL BE CONSTRUED TO PREVENT FRANCHISOR FROM CLAIMING AND OBTAINING EXPECTATION OR CONSEQUENTIAL DAMAGES, INCLUDING LOST FUTURE PROFITS FOR THE BALANCE OF THE TERM OF THIS AGREEMENT IF IT IS TERMINATED DUE TO FRANCHISEE'S DEFAULT, WHICH THE PARTIES AGREE AND ACKNOWLEDGE FRANCHISOR MAY CLAIM UNDER THIS AGREEMENT.

20.7 LIABILITY CAP AND CLAIMS LIMITATION. IN NO EVENT SHALL THE FRANCHISOR'S AGGREGATE LIABILITY TO THE FRANCHISEE FOR ALL CLAIMS, WHETHER IN CONTRACT, TORT OR ANY OTHER THEORY OF LIABILITY, EXCEED THE AMOUNT OF FEES ACTUALLY PAID TO FRANCHISOR UNDER THIS AGREEMENT. THIS LIMITATION SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED HEREIN. IN NO EVENT SHALL FRANCHISEE BRING CLAIMS, WHETHER IN CONTRACT, TORT OR ANY OTHER THEORY OF LIABILITY, AGAINST ANY PARTIES BEYOND FRANCHISOR (INCLUDING, BUT NOT LIMITED TO FRANCHISOR'S OWNERS, OFFICERS, DIRECTORS OR EMPLOYEES).

ARTICLE 21

MISCELLANEOUS: GENERAL CONDITIONS

21.1 Fiduciary Duty. BNI and Franchisee specifically agree and acknowledge that BNI shall not be deemed a fiduciary for or with respect to Franchisee or the operation of the BNI Franchise. The relationship of the parties under this Agreement is that of independent contractors. This Agreement does not create any fiduciary relationship, partnership, joint venture or any other form of joint enterprise. Franchisee, its employees and agents shall not have any right or power to and shall not bind or obligate BNI in any way or manner, nor represent that they have the right to do so.

21.2 Construction and Interpretation. The Introduction and Recitals are considered a part of this Agreement. Article captions are used only for convenience and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular Articles to which they refer. Words of any gender used in this Agreement include any other gender, and words in the singular include the plural, where the context requires. If any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision has the meaning which renders it valid. The Article headings used herein are descriptive only and shall have no legal force or effect whatsoever. The term "affiliate" as used in this Agreement is applicable to any company directly or indirectly owned or controlled by BNI or its majority owner. The word "corporation(s)" as used in this Agreement includes limited liability companies and such other similar organizations as are duly formed and existing pursuant to state law. The word "partnership(s)" as used in this Agreement includes limited liability partnerships and such other similar organizations as are duly formed and existing pursuant to state law. All words in this Agreement are deemed to include all genders and the singular as well as the plural, as the context of this Agreement requires.

21.3 Governing Law. This Agreement shall become valid when executed and accepted by BNI. The parties agree that this Agreement and the relationship between the parties shall be governed and construed under and in accordance with the laws of the State of North Carolina, without regard to its conflict of law rules.

21.4 Reasonable Business Judgment. Reasonable Business Judgment (as defined herein) applies in all circumstances involving or requiring BNI's approval or consent, unless provided otherwise in the Agreement. Reasonable Business Judgment means that BNI's determinations or choices shall prevail, even if other alternatives are also reasonable or arguably preferable, if BNI is

acting in a way that could benefit the BNI System by, for example, enhancing the value of the BNI Marks, increasing customer satisfaction, minimizing possible customer confusion as to the BNI Marks or location, or increasing the financial strength of BNI. Except where otherwise indicated in this Agreement, BNI agrees to use Reasonable Business Judgment when discharging its obligations and exercising its rights and discretion. BNI shall not be required to consider any particular franchisee's economic or other circumstances when exercising its Reasonable Business Judgment. Franchisee acknowledges that BNI has a legitimate interest in seeking to maximize the return to its shareholders and the fact that BNI benefits economically from an action will not be relevant to showing that BNI did not exercise Reasonable Business Judgment. Neither Franchisee nor any third party (including but not limited to any third party acting as a trier of fact) shall substitute its judgment for BNI's Reasonable Business Judgment.

21.5 Severability. Each provision contained in this Agreement shall for all purposes be construed to be separate and independent. If any provision of this Agreement or the application thereof to any person or circumstance will to any extent be invalid and unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions of this Agreement; and the remainder of the Agreement, and the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, it being hereby agreed that such provisions are severable and that this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

21.6 Notices.

- a. All notices to BNI shall be in writing and must be delivered or sent by registered or certified mail, postage fully prepaid, addressed to it at 8240 Ballantyne Commons Pkwy, PO Box #49248, Charlotte, North Carolina 28277, to the attention of, CEO, with copy to General Counsel, at the same address, or at such other address as BNI periodically designates in writing. All payments required to be made hereunder to BNI must be wire transferred to the bank account designated by BNI.
- b. All notices to Franchisee may be in writing hand delivered, including delivery by any courier service, or sent by Federal Express, United Parcel Service or DHL, or sent by registered or certified mail or telegraph or facsimile, addressed to Franchisee at the BNI Franchise or Franchisee's address as provided in this Agreement. Franchisee is solely responsible for notifying BNI in accordance with this Article of any change of address where, upon such written notification, BNI will deliver any notices as required or permitted under this Agreement.
- c. Notices shall be deemed delivered to Franchisee on the date hand delivered, or on the day after deposit with the recognized overnight delivery services referenced above (or on the second (2nd) day after being deposited with such service for two-day delivery), or on the earlier of actual receipt or the third (3rd) day after being deposited in the U.S. Mail or with any courier service as provided herein.

21.7 Waiver and Delay. The acceptance by BNI of any payment specified to be paid by Franchisee hereunder with knowledge of a breach of any covenant or agreement hereof shall not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement. The failure or delay to enforce any of the provisions of this Agreement shall not constitute a waiver of rights or a waiver of any subsequent enforcement of the provisions of this Agreement. The waiver or remedy of any default or breach hereunder shall not waive or affect the default

remedied or any prior or subsequent default. However, either party may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party. The waiver or reduction may be revoked at any time for any reason on ten (10) days' written notice. All rights and remedies herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law, and said rights and remedies may be exercised and enforced concurrently and whenever and as often as the occasion therefore arises. Subject to any other limitations within this agreement or applicable statutes of limitations, notice of any and all claims arising out of this Agreement or the relationship between Franchisee and BNI must be provided to the other party within one (1) year from the discovery of the facts giving rise to such claim.

21.8 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original; and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. In addition, this Agreement can be signed by facsimile signatures and still be deemed binding.

21.9 Savings Clause. If any term hereof may be construed to obligate Franchisee to pay interest in excess of the highest legal amount, it is agreed that such term is a mistake in calculation or wording and, notwithstanding same, it is agreed that neither Franchisee nor any other person or entity obligated for the payment of any sums hereunder shall ever be obligated to pay interest in excess of the highest lawful amount.

21.10 Modification of Agreement. Except as provided in this Agreement for BNI to make certain changes as it deems necessary or for a provision to be adjusted as allowed by this Agreement to comply with any applicable laws, any modification of this Agreement or additional obligation assumed by either party in connection therewith shall be binding only if placed in writing and signed by all parties hereto.

21.11 Legal Fees/Collection Costs. In the unlikely event that a dispute occurs or an action in law or equity arises between BNI and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement or the relationship between the parties, BNI, if it prevails on most issues, shall be entitled to recover reasonable attorney's fees, court costs and expenses incurred in the action. If BNI must commence action for non-payment of any amounts owed to it under this Agreement or for ancillary purchases, then Franchisee shall be responsible for all collections costs related to amounts owed, including, without limitation, the reasonable legal fees of BNI in connection with said collection. Similarly, if Franchisee must commence action for BNI to return fees, and Franchisee prevails, then BNI shall be responsible for the reasonable legal fees associated with said collection.

21.12 Acknowledgments. Franchisee acknowledges that BNI and its subsidiaries and affiliates have certain rights reserved to them to grant licenses and rights to others, which may or may not be similar to the license and rights conveyed hereunder; to market BNI-approved products and services; and to otherwise use BNI Marks and the BNI System as set forth in this Agreement.

21.13 Force Majeure. If either party is precluded by acts of God, authority of laws, strikes, lockouts, casualties, or other causes beyond its reasonable control from performance hereunder, such performance will be excused to the extent that it is necessitated by such causes. If such an event occurs, the party seeking to rely on this provision will promptly give written notice to the other party of the nature and consequence of the cause. The provisions of this Article will not apply to monetary obligations owed by either party to the other. If such period during which the performance is excused exceeds one hundred and eighty (180) days, then BNI will upon giving written notice to Franchisee, be able to require that all money due to BNI will be paid immediately; and Franchisee will immediately

cease trading and operating under the BNI Marks and BNI System, until further notice from BNI.

21.14 Non-Disparagement. From and after the date of this Agreement, Franchisee will not, and will cause its Affiliates not to, directly or indirectly, alone or in connection with any person, engage in any conduct or make any statement, whether in commercial or noncommercial speech, that disparages, criticizes or is injurious to the reputation of BNI or any of its Affiliates (including BNI's direct or indirect subsidiaries), employees, equityholders, partners, members, investors or representatives, including (a) inducing or encouraging others to disparage BNI or any of its Affiliates, or any of its respective employees, equityholders, partners, members, investors or representatives, and (b) making or causing to be made any statement that maligns the business, goodwill, personal or professional reputation of BNI or any of its Affiliates, or any of its respective employees, equityholders, partners, members, investors or representatives.

21.15 Submission of Agreement. Submission of this Agreement does not constitute an offer, and this Agreement shall become effective only upon the execution hereof by both BNI and Franchisee and delivery of an executed copy to Franchisee. THIS AGREEMENT IS NOT BINDING ON BNI UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY BNI, AND FRANCHISEE HAS RECEIVED AN EXECUTED COPY OF THIS AGREEMENT. THIS AGREEMENT IS NOT EFFECTIVE UNTIL AND UNLESS FRANCHISEE HAS BEEN FURNISHED BY BNI WITH THE DISCLOSURE DOCUMENTS, IN WRITTEN FORM, AS MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW, FOR REQUISITE TIME PERIODS.

21.16 Entire Agreement; Amendments. This Agreement together with any exhibits and/or schedules thereto constitute(s) the entire agreement between the parties and may not be altered, amended or added to unless such amendment or addition is in writing and signed by both an authorized officer of BNI and by Franchisee as provided under Article 21.10. This Agreement is deemed to cancel and supersede the terms of all prior written or oral agreements and understandings, if any, between BNI and Franchisee pertaining to such license and Franchise. Notwithstanding the foregoing, nothing in any Agreement is intended to disclaim the disclosures made in the Franchise Disclosure Document, its exhibits and amendments.

Notwithstanding anything stated to the contrary, 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.

21.17 Effective Date. This Agreement is effective as of the date first above written.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have duly executed this Agreement in multiple originals, each of which may stand alone as an original, and acknowledge that they signed this in their stated capacities, on the date set forth hereinabove.

BNI:

BNI FRANCHISING, LLC

By: _____
Mary Kennedy Thompson, CEO

Franchisee:

[NAME OF FRANCHISEE]

By: _____
[Name], [title]

EXHIBIT A

Territory Description

The Territory for this Franchised Business shall be as follows:

[insert zip codes]

The Territory is identified by the attached map.

EXHIBIT B

INITIAL SUPPLY LIST

Applications

Renewal Applications

BNI Banner (Full-sized Retractable)

BNI Stick-On Name Badges

BNI Branded Business Cards

Certificates (Notable Networker)

Chapter Branding Kit:

 BNI Chapter Banner (Full-sized Retractable)

 BNI Branded Tablecloth or Runner

 BNI Branded Business Card Binder

Member Policies Brochures

Member Success Kits

Tracking Slips:

 Chapter Education Units

 One-to-One

 Referral

 Thank You for Closed Business

EXHIBIT C

PRINCIPAL OWNER'S STATEMENT

This form will be completed by the Owners of the Franchisee.. Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to Franchisee.

1. **Form of Franchisee**. (check one):

- 1. General Partnership
 - 2. Corporation
 - 3. Limited Partnership
 - 4. Limited Liability Company
 - 5. Other
- Specify _____

☐

2. **Business Entity**. Franchisee was incorporated or formed on _____, under the laws of the State of _____. Franchisee is doing business as (d/b/a) (please list all current or former d/b/a names if applicable):_____.

The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

<u>Name of Person</u>	<u>Position(s) Held</u>

3. **Owners**. The following list includes the full name and mailing address of each of Franchisee's owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

<u>Owner's Name</u>	<u>Address</u>	<u>Description of Interest</u>
*		

* _____ is designated by Franchisee and its Owners as Franchisee's agent for interacting with the Franchisor. Franchisor may rely on representations made by _____ and agreements made by _____ as binding on behalf of Franchisee.

4. **Governing Documents**. The undersigned agree to provide copies of the documents and

contracts governing the ownership, management and other significant aspects of Franchisee (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.) to Franchisor promptly upon request.

This Principal Owner's Statement is current and complete as of _____, 20__.

INDIVIDUALS:

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

CORPORATION, LIMITED LIABILITY COMPANY OR
PARTNERSHIP:

Name: _____

By: _____

Title: _____

EXHIBIT D

CERTIFICATION OF MINIMUM QUANTITY OF SUPPLIES

Franchisee understands the requirement to start and maintain within the BNI Franchise a minimum quantity of supplies listed in Exhibit B herein as required by BNI to properly and effectively operate the BNI Franchise. Franchisee hereby certifies that, as part of the purchase of the BNI Franchise that is already in operation, Franchisee already has an inventory that meets or exceeds the minimum quantity of supplies required by BNI within the BNI Franchise. Franchisee warrants that such inventory is not inventory from another BNI franchise owned by Franchisee.

BNI may require Franchisee to provide BNI a document separate from this Agreement listing the items within the inventory of the BNI Franchise representing the minimum quantity of supplies required by BNI. If BNI determines in its sole discretion that Franchisee's inventory does not meet such minimum quantity of supplies, then Franchisee shall purchase the additional product as required by BNI to meet such minimum quantity of supplies.

Franchisee certifies and warrants the above by its signature below.

Signature of Franchisee

EXHIBIT E

GUARANTY

In consideration of and as an inducement to **BNI FRANCHISING, LLC** a Delaware limited liability company ("**Franchisor**") entering into that certain Franchise Agreement dated as of _____, 20 (the "**Franchise Agreement**"), between Franchisor and _____, a(n) _____ ("**Franchisee**"), the undersigned individuals (each, a "**Guarantor**") jointly and severally, personally and unconditionally, do hereby: (a) guarantee to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant in (1) the Franchise Agreement and (2) any ancillary agreement executed by Franchisee and Franchisor (or executed by Franchisee in favor of Franchisor) in connection with the Franchise Agreement, including but not limited to any agreement for the purchase of goods or services from Franchisor and any promissory note related to payments made to Franchisor (collectively, the "**Agreements**"); and (b) agree to be personally bound by, and personally liable for, each and every provision in the Agreements, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the requirements pertaining to non-competition, confidentiality, transfers, and dispute resolution.

Each Guarantor waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right the Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability. Each Guarantor consents and agrees that: (1) such Guarantor's direct and immediate liability under this guaranty shall be joint and several; (2) such Guarantor shall render any payment or performance required under the Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of each of the Agreements and following the termination, expiration or transfer of each of the Agreements to the extent any obligations under any such Agreements survive such termination, expiration or transfer.

Depending on the creditworthiness of each Guarantor and the community property laws of the states in which they reside, Franchisor may require that the spouses of one or more Guarantors execute this guaranty as well. Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state that does not require the consent of both spouses to encumber the assets of a marital estate or Franchisor has waived in writing any requirement that such spouse execute this guaranty.

Each Guarantor consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners and Guarantors of Franchisee;

(b) Guarantor shall render any payment or performance required under any of the Agreements upon demand if Franchisee fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Agreements by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(e) This Guaranty shall be governed by and construed in accordance with the laws of the State of North Carolina.

(f) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Each Guarantor signs and delivers this Guaranty effective as of the date of the Franchise Agreement regardless of the actual date of signature.

GUARANTORS

Sign: _____

Print: _____

Sign: _____

Print: _____

Sign: _____

Print: _____

EXHIBIT F

SPOUSAL LIMITED GUARANTY

In consideration of and as an inducement to **BNI FRANCHISING, LLC** a Delaware limited liability company ("**Franchisor**") entering into that certain Franchise Agreement dated as of _____, 20____ (the "**Franchise Agreement**"), between Franchisor and _____, a(n)____ ("Franchisee"), the undersigned, who is the spouse of one of the principals of the Franchisee (the "**Guarantor**"), does hereby: (a) guarantee to Franchisor, its affiliates, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant in (1) the Franchise Agreement and (2) any ancillary agreement executed by Franchisee and Franchisor (or executed by Franchisee in favor of Franchisor) in connection with the Franchise Agreement, including but not limited to any agreement for the purchase of goods or services from Franchisor and any promissory note related to payments made to Franchisor (collectively, the "**Agreements**"); and (b) agrees to be personally bound by, and personally liable for, each and every provision in the Agreements, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the requirements pertaining to non-competition, confidentiality, transfers, and dispute resolution.

The Guarantor waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right the Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability. The Guarantor consents and agrees that: (1) the Guarantor's direct and immediate liability under this guaranty shall be, subject to the limitations set forth below, joint and several; (2) The Guarantor shall render any payment or performance required under the Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of each of the Agreements and following the termination, expiration or transfer of each of the Agreements to the extent any obligations under any such Agreements survive such termination, expiration or transfer.

The Guarantor's liability under this spousal guaranty shall be limited to the assets that the Guarantor holds jointly or in common with its spouse either by contract, agreement, or by the community property and/or marital property laws applicable to the State where the Guarantor resides. Notwithstanding anything stated to the contrary, if the Franchisee transfers any of the assets of its franchised business to the Guarantor either outright or in trust or transfers the assets of the franchised business to avoid creditors' claims, then the Guarantor shall become jointly and severally liable with the Franchisees and other principals and/or guarantors of the Franchisee for all of the debts and obligations that the Franchisee owes to the Franchisor as if the Guarantor had signed the original franchise agreement between Franchisor and Franchisee at the time that it was originally signed by the Franchisee.

The Guarantor consents and agrees that:

EXHIBIT F

BNI-FRANCHISE AGREEMENT (2025)

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall, except as set forth in this Guaranty, be joint and several with, Franchisee and the other owners and Guarantors of Franchisee;

(b) Guarantor shall render any payment or performance required under any of the Agreements upon demand if Franchisee fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Agreements by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) Subject to the limitations set forth in this Agreement, Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(e) This Guaranty shall be governed by and construed in accordance with the laws of the State of North Carolina.

(f) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

The Guarantor signs and delivers this Guaranty effective as of the date of the Franchise Agreement regardless of the actual date of signature.

GUARANTOR

Sign: _____

Print: _____

EXHIBIT G

ACH AGREEMENT

Authorization Agreement For Automated Clearing House Transactions (ACH Debits)

ACH Authorization	
Individual / Company Name:	

I (we) hereby authorize: BNI Franchising, LLC hereinafter called COMPANY/INDIVIDUAL, to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any debit entries in error to my(our)
☐ Checking ☐ Savings account (select one) indicated below and the depository named below, hereinafter called DEPOSITORY, to debit and/or credit the same to such account.

Bank Information			
DEPOSITORY NAME:		Branch: (if applicable)	
City, State, ZIP:			
Transit/ABA No: ("Routing #")		Account #:	

This authority is to remain in full force and effect until COMPANY/INDIVIDUAL has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY/INDIVIDUAL and DEPOSITORY a reasonable opportunity to act on it.

Name(s):
Please print _____

Signature(s)

Date

I (we) wish for this transaction to take place starting on: _____ and to recur:

☐ once a month, ☐ every two weeks, ☐ other: _____

CHECK ONE: I am not currently participating in the Automated Payment Program.
☐ ADD – Debit the account shown.
I am currently participating in the Automated Payment Program.
☐ CHANGE – Change financial institutions and/or account number.

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EXHIBIT H

NONDISCLOSURE AND NONSOLICITATION AGREEMENT

This Nondisclosure and Nonsolicitation Agreement (this “**Agreement**”) is entered into by the undersigned (“**you**”) in favor of **BNI Franchising, LLC**, a Delaware limited liability company, and its successors and assigns (“**us**”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

- (a) “**BNI Franchising, LLC franchise**” means a BNI Franchising, LLC franchise operated under the Marks and using the System.
- (b) “**Competitive Business**” means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any business or establishment that markets, promotes, advertises or sells referral-based networking services.
- (c) “**Copyrights**” means all works and materials for which we or our affiliates have secured common law or registered copyright protection and that we allow BNI Franchising, LLC franchise franchisees to use, sell or display in connection with the marketing and/or operation of a BNI Franchising, LLC franchise, whether now in existence or created in the future.
- (d) “**Franchisee**” means the BNI Franchising, LLC franchisee for whom you are an owner, partner, member, officer, director, employee or independent contractor.
- (e) “**Intellectual Property**” means, collectively or individually, our Marks, Copyrights, Know-how and System.
- (f) “**Know-how**” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a BNI Franchising, LLC franchise, including, but not limited to, pricing system, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manuals.
- (g) “**Manuals**” or “Operations Manuals” means our confidential operations manual(s) for the operation of a BNI Franchising, LLC franchise.
- (h) “**Marks**” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a BNI Franchising, LLC franchise, including domain names and any other trademarks, service marks or trade names that we designate for use in a BNI Franchising, LLC franchise. The term “Marks” also includes any distinctive trade dress used to identify a BNI Franchising, LLC franchise, whether now in existence or hereafter created.
- (i) “**Post-Term Restricted Period**” is the 1-year beginning of the termination or expiration of this Agreement.
- (j) “**Prohibited Activities**” means any or all of the following: (i) acquiring or developing, or having any direct or indirect interest as a disclosed or beneficial owner in, any Competitive Business, other than owning an interest of less than 5% in a Competitive Business that

is a publicly traded company; (ii) offering or performing networking services (other than through a BNI Franchising, LLC franchise); (iii) being employed or engaged as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; (iv) diverting or attempting to divert any business from us (or one of our affiliates or franchisees) to a Competitive Business; and/or (v) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position with us (or our affiliate or franchisee); or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to any person that is not then a franchisee of ours.

- (k) **“Protected Area”** means a geographic area which will be comprised of one or more Territories.
- (l) **“Restricted Period”** means the 1-year period after you cease to be an owner, partner, member, officer, director, employee or independent contractor of Franchisee.
- (m) **“Restricted Territory”** includes both (a) the Protected Area; and (b) the protected areas or territories we have granted to any other BNI franchisee.
- (n) **“System”** means our distinct and, with respect to certain aspects, proprietary system for the operation of a BNI Franchising, LLC franchise that provides networking services and related products and services, the distinctive characteristics of which include logo, trade secrets, pricing system, concept, style, proprietary programs and products, confidential operations manuals and operating system. The System shall also include additional products and services that we may authorize from time to time for BNI Franchising, LLC franchisees.

2. Background. You are an owner, partner, member, officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any networking business or capacity other than the BNI Franchising, LLC franchise operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner, partner, member, officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to

the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.

6. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other BNI Franchising, LLC franchises for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of North Carolina and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(e) Notwithstanding anything in this Agreement to the contrary, you, may, in accordance with any applicable law including the federal Defend Trade Secrets Act, disclose Intellectual Property, (a) in confidence, to federal, state, or local government officials, or to an attorney of Franchisee, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public

EXHIBIT H

disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

EXECUTED on the date stated below.

Date: _____

Signature

Typed or Printed Name

EXHIBIT I

GENERAL TERMS

General Terms:

Initial Franchise Fee: _____
First Measurement Period: October 1, 202[] to September 30, 202[] _____
First Minimum Annual Royalty Fee Invoice Date (if applicable): January 31, 202[] _____
Membership Valuation Fee: _____
Territory Population: _____
Renewal Fee: _____

Referral Bonus Schedule:

Referred Individuals Who Acquire a New BNI Franchise	Referral Fee
1 st	\$2,500
2 nd	\$3,000
3 rd	\$3,500
4 th	\$4,000
5 th	\$4,500
6 th (and above)	\$5,000

EXHIBIT C

FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20____ by and between BNI FRANCHISING, LLC a Delaware limited liability company having its principal place of business at 3430 Toringdon Way, Suite 300, Charlotte, North Carolina 28277, (the "Franchisor"), and _____, a _____ with a principal address at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. North Carolina law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder, without regard to North Carolina's provisions for conflicts of laws. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

6. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of North Carolina.

7. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

8. Releasor further expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of California or any other state laws, and does so understanding and acknowledging the significance and consequences of such specific waiver of Section 1542. Releasor acknowledges that they are or may be represented by counsel, and acknowledge that they are familiar with the provisions of California Civil Code Section 1542, which provides as follows: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR. Releasor acknowledges that he/she/or it may later discover claims or facts in addition to or different from those set forth in this release and which, if known or suspected at the time of executing this release, may have materially affected this Agreement. Nonetheless, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of all claims, Releasor expressly acknowledges that this Release is also intended to include in its effect, without limitation, all claims which they do not know or expect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claim or claims. Releasor waives any rights, claims or causes of action that might arise as a result of such different or additional claims or facts. Notwithstanding the governance of this Release by laws of the State of North Carolina, it is the intent of Releasor to waive any right, claim or cause of action as is consistent with the forgoing waiver of Section 1542 of the Civil Code of California.

9. Nothing in this Release shall act as a waiver of Releasor's reliance on any representations made in the Franchise Disclosure Document given to Releasor in conjunction with the sale of this franchise together with the exhibits attached to it.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

RELEASOR

Name: _____

BNI FRANCHISING, LLC

By: _____

Name: _____

Title: _____

EXHIBIT D
STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of North Carolina. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

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

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

The franchise agreement requires binding arbitration. The arbitration will occur in North Carolina with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

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

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in North Carolina with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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.

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

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

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

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Illinois law governs the Franchise Agreement.
2. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Illinois law governs the Agreement(s).

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

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

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

3. There is extensive litigation and/or arbitration disclosed in Item 3 of the disclosure document. Consult an experienced franchise attorney who will look out for your best interests in this franchise offering.
4. The royalty fee you must pay in this franchise system is 20% of your monthly gross revenues.
5. In FY 2024, an affiliate of the Franchisor derived more than \$1M in revenue from its sales of required software and technology to BNI franchisees.
6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

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

The Illinois law governs the Agreement(s).

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

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

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

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
5. There is extensive litigation and/or arbitration disclosed in Item 3 of the disclosure document. Consult an experienced franchise attorney who will look out for your best interests in this franchise offering.
6. The royalty fee you must pay in this franchise system is 20% of your monthly gross revenues.
7. In FY 2024, an affiliate of the Franchisor derived more than \$1M in revenue from its sales of required software and technology to BNI franchisees.
8. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

STATE ADDENDUM FOR THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently arbitration proceedings to which the Franchisor is a party.
2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 21.3 of the Franchise Agreement.
5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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.

Items 5 & 7, Additional Disclosure:

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

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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.

MARYLAND ADDENDUM TO 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 Addendum apply.

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

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.

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.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the 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.

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.

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

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

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

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

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

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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

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

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

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT "H", OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

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

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

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

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

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

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

Effective Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Items 5 & 7, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

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

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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

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

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

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

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

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

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

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

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

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17. Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

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

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

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

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

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

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

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

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

Item 17. Additional Disclosure:

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 17(d) of the Franchise Disclosure Document shall be amended to read, "the provision(s) regarding termination by the franchisee are subject to state law."

Sections 17(q) and 17(r) of the FDD are revised to include the following language, “the provisions regarding the enforcement of the covenant not to compete, either during the term of the franchise agreement or post termination are subject to state law.”

The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington.

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.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20____.

FRANCHISOR

FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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.

WISCONSIN ADDENDUM TO 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 Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the 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 Addendum shall have the meaning given them in the Franchise Agreement.

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

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

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

FRANCHISOR:
BNI Franchising, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT E

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California: California Department of Business Oversight
320 West 4th St., Suite 750
Los Angeles, CA 90013-2344
213-576-7500

Hawaii: Department of Commerce and Consumer Affairs
Business Registration Division
355 Merchant St., Suite 203
Honolulu, Hawaii 96813
808-586-2727

Illinois: Illinois Attorney General's Office
Franchise Bureau
500 South Second Street
Springfield, Illinois 62706
217-782-2538

Indiana: Indiana Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
317-232-6681

Maryland: Maryland Division of Securities
Office of the Attorney General
200 Saint Paul Place
Baltimore, Maryland 21202
410-576-6360

Michigan: Michigan Dept. of Attorney General
Consumer Protection Division
Franchise Section
525 West Ottawa Street
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48933
517-373-7117; Fax: 517-335-1935

Minnesota: Minnesota Department of Commerce
Securities Section
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
651-539-1500; Fax: 651-297-1959

New York: New York State Dept. of Law
Investor Protection Bureau
28 Liberty Street
New York, NY 10005
(212) 416-8236

North Dakota:	North Dakota Securities Department 600 East Boulevard Ave. State Capital, 5 th Floor Bismarck, North Dakota 58505-0510 701-328-4712
Rhode Island:	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Ave., Building 69-1 Cranston, RI 02920 401-462-9500; Fax: 401-462-9532
South Dakota:	South Dakota Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501-3185 605-773-3563 Fax: 605-773-5953
Utah:	Department of Commerce Division of Consumer Protection 160 East 300 South, 2 nd Floor PO Box 146704 Salt Lake City, Utah 84144-6704 801-530-6601; Fax: 801-530-6001
Virginia:	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, Virginia 23219 804-371-9051; Fax: 804-371-9911
Washington:	Washington Department of Financial Institutions Securities Division 150 Israel Road Tumwater, Washington 98501 360-902-8760
Wisconsin:	Wisconsin Department of Financial Institutions Franchise Registration Division of Securities 201 W. Washington Ave., Suite 300 Madison, Wisconsin 53703 608-266-8557

EXHIBIT F

LIST OF OUR CURRENT FRANCHISE LOCATIONS

As of December 31, 2024

Franchise Listing
Executive Director Listings

Territory	Executive Director	Address	Phone
AK Alaska	Michelle L. Campbell	6545 Westview Dr Laingsburg, MI 48848	517-449-1788
AL Central GA Southwest	William Keene	3636 Haven View Circle Hoover, AL 35216	205-461-4676
AL Northern	Meaghan Chitwood	3408 Wall Triana Hwy #6941 Huntsville, AL 35813	256-797-4654
AL Southern	G. Chris Robinson	900 Hillcrest Rd Ste A2 Mobile, AL 36695	251-639-5030
AZ East	Nate and Kelley Dominguez	7500 N Dreamy Draw Drive, Suite 202, Phoenix, AZ 85020	602-628-5337
AZ South	Chrisie Ballard and Bill Ballard	1901 N Cloverland Avenue Tucson, AZ 85712	520-904-8626
AZ West	Nate and Kelley Dominguez	7500 N Dreamy Draw Drive, Suite 202, Phoenix, AZ 85020	602-628-5337
CA Alameda	Mike Macedonio and Dawn Lyons	3888 Petaluma Hill Rd, Santa Rosa, CA 95404	707-242-7010
CA Inland Empire	Mike Adray	17853 Santiago Blvd., Suite 107-507, Villa Park, CA 92862	877-510-4900
CA Long Beach – South Bay	Adam and Jenni Nering	8251 La Palma Ave. #430 Buena Park, CA, 90620	888-476-5350 ext3
CA Northern	Trey McAlister	1275 4th Street Santa Rosa, CA, 95404	707-780-8118
CA Orange County North	Jenni Nering, Adam Nering	8251 La Palma Ave. #430 Buena Park, CA, 90620	888-476-5350 ext3
CA Orange County South	Jenni Nering, Adam Nering	8251 La Palma Ave. #430 Buena Park, CA, 90620	888-476-5350 ext3
CA Riverside	Susan Goodsell and Kelsey Duque	3615 Main St. Ste 103 Riverside, CA 92501	909-263-5113
CA Sacramento	John and Eva Lisle and Trey McAlister	815 El Chorro Way Sacramento, CA, 95864	916-489-9302
CA San Bernardino County	Mike Adray	17853 Santiago Blvd., Suite 107- 507, Villa Park, CA 92861	877-510-4900
CA San Diego County East	Kathryn Lodol & Ed Wilson	16769 Bernardo Center Dr. Suite 1- 1775, San Diego, CA 92128	619-255-2620
CA San Fernando Valley	Red H. Mann and Andrea Manning	2691 Elizondo Ave Simi Valley, CA 93065	818-532-2963 ext2
CA San Francisco North Bay	Mike Macedonio and Dawn Lyons	3888 Petaluma Hill Rd, Santa Rosa, CA 95404	707-242-7010
CA San Francisco West Bay	Ed Craine	5214 F Diamond Heights Blvd. #629 San Francisco, CA, 94131	415-406-2330

Territory	Executive Director	Address	Phone
CA San Gabriel Valley	Mike Adray	17853 Santiago Blvd., Suite 107-507, Villa Park, CA 92861	877-510-4900
CA Santa Clara	Mike Macedonio and Dawn Lyons	3888 Petaluma Hill Rd, Santa Rosa, CA 95404	707-242-7010
CA Ventura County	Ray Gonzales	1701 Solar Drive #261 Oxnard, CA 93030	805-419- 9939
CO Southern (Colorado Springs)	Pat & Tracey Muterspaugh	4740 Flintridge Drive Ste 220K Colorado Springs, CO 80918	719-266-8704
FL Jacksonville	Tim & Lindsay Roberts	53 Stiles Rd, C-201 Salem, NH 03079	603-893-5853
FL Northwest	Karen Ellis	C-Suite Building 1111 E Tennessee Street, Tallahassee, FL 32308	850-765-1543
FL Orlando	Tim & Lindsay Roberts	53 Stiles Rd, C-201 Salem, NH 03079	603-893-5853
FL Palm Beach	Sandy Donovan	1123 Ocean Dunes Circle Jupiter, FL 33477	(561) 333-7555
FL Southeastern	Sandy Donovan	1123 Ocean Dunes Circle Jupiter, FL 33477	(561) 333-7555
FL Tampa Bay	Spencer and Tricia Reynolds	7853 Gunn Hwy #345 Tampa, FL 33626	813-444-8684
GA Northeast	Mike and Cathy Barbieri	840 Cold Harbor Drive Roswell, GA 30075	678-852-5153
GA Northwest	Mike and Cathy Barbieri	840 Cold Harbor Drive Roswell, GA 30075	678-852-5153
GA South	Mike and Cathy Barbieri	840 Cold Harbor Drive Roswell, GA 30075	678-852-5153
IA Des Moines	David Elliott	1231 SW Hardicke Lane Ankeny, IA 50023	515-865-3862
ID Southern	Jeremy Miller	3327 N Eagle Rd, Ste. 110 #101 Meridian, Idaho, 83646	208-724-0601
IL Chicago North	Rachel Cherny	2552 W Armitage Chicago, IL 60647	312-629-9500
IL Chicago South	Rachel Cherny	2552 W Armitage Chicago, IL 60647	312-629-9500
IL Southern	Victor Muzquiz	2082 Quarry Rd. O'Fallon, IL 62269	618-402-5441
IN Central Indiana	Hazel Walker	P.O. Box 19827 Indianapolis, IN 46219	317-407-5331
IN Northern (Fort Wayne)	Mark Botts	2302 Dierdorff Road Goshen, IN 46526	574-535-3509
IN South Central	Lannie Pullon	3720 South Walnut St. Pike, Bloomington, IN 47401	812-325-7841
KS Northeast	Steve Wiegert	P.O. Box 1221 Kearney, MO 64060	816-792-3664

Territory	Executive Director	Address	Phone
KS Wichita	Steve Wiegert	P.O. Box 1221 Kearney, MO 64060	816-792-3664
KY (Central)	Reed, Kathy and Clay Morgan	P. O. Box 158529 Nashville, TN 37215	615-297-0076
KY Western & IN Southern	Reed, Kathy and Clay Morgan	P. O. Box 158529 Nashville, TN 37215	615-297-0076
LA Northern	Tim Paulin	3500 N Causeway Blvd, Suite 1460 Metairie, LA 70002	504-834-5264
LA Southeast	Tim Paulin	3500 N Causeway Blvd, Suite 1460 Metairie, LA 70002	504-834-5264
MD Central Maryland	Ann Brennan	8515 Longfellow Place, Chevy Chase, MD 20815	443-679-4916
ME Maine	Kelly and Niels Mank	588 Roosevelt Trail Windham, ME 04062	207-894-7200
MI Upper Peninsula	David M Zemer	348 Napoleon Rd Michigan Center, MI, 49254	888-531-3494
MO Kansas City	Steve Wiegert	P.O. Box 1221 Kearney, MO 64060	816-792-3664
MO St. Louis	Victor Muzquiz	2082 Quarry Rd. O'Fallon, IL 62269	
MS Central & Southern	Tim Paulin	3500 N. Causeway Blvd., Suite 1460 Metairie LA, 70002	504-834-5264
MT South	Dana Bishop	507 Montclair Dr Billings, MT 59102	406-690-2175
NC Coastal	Stephen Hand	P.O. Box 1476 Cary, NC 27512	919-465-1667
NC Raleigh-Durham	Stephen Hand	P.O. Box 1476 Cary, NC 27512	919-465-1667
NC Western	Lynette Craig	18 Boyd's Chapel Rd. Weaverville, NC 28787	828-747-9581
New Hampshire	Tim & Lindsay Roberts	53 Stiles Rd, C-201 Salem, NH 03079	603-893-5853
NJ Middle	Mark Carmody	67 Lake Attitash Road Amesbury, MA 01913	-732-259-8312
NJ Newark	Claudia MacDermott	22 Galway Place Teaneck NJ 07666	201-357-8612
NJ Northeast	Claudia MacDermott	22 Galway Place Teaneck NJ 07666	201-357-8612
NV Las Vegas	Leslie Taylor	3462 Sioux Way Las Vegas, NV 89169	702-731-6065
NV North	Greg Hauptert	P.O. Box 18244, Reno NV 89511	775-223-4292
NY Albany	Luther Shimer	P.O. Box 3137 Schenectady, NY 12303	518-650-5892
NY Buffalo	David Zemer, POA for Daniel Graczyk	348 Napoleon Road Michigan Center, MI 49254	888-531-3494
NY Manhattan	Todd Hallinger and Mike Brathwaite	380 Malcolm X Blvd Apt 3E New York, NY 10027	914-320-6541

Territory	Executive Director	Address	Phone
NY Mid-Hudson Valley	Frank J. De Raffele Crystal De Raffele	15 Merry Hill Rd. Poughkeepsie NY 12603	914-489-6165
NY Rochester	Tim Giacomani	21 Goodway Drive, Rochester, NY 14623	585-721-5459
NY Syracuse	Luther Shimer	P.O. Box 3137, Schenectady, NY 12303	518-650-5892
OH Cincinnati, SWOH & N Kentucky	Katrina Scanlon	639 Philadelphia Street Covington KY 41011	859-655-9434
OH Columbus Central	Wayne Horowitz	3984 Russell Road Ostrander, OH 43061	440-521-9090
OH Eastern	Bob Willis and Margaret Maxel	8673 Wyatt Road Broadview Heights, OH 44147	216-573-2712
OH Northeast	Bob Willis and Margaret Maxel	8673 Wyatt Road Broadview Heights, OH 44147	216-573-2712
OH Northwest	Jason Madasz	1700 Woodlands Dr Maumee, Ohio 43537	419-537-9054
PA Central & NW PA & Erie	George J. Zacherl	535 Fisher Road Cabot, PA 16023	724-941-0101
PA North Central	Russ Mehnert	501 Lehigh Gorge Drive Jim Thorpe, PA 18229	570-350-7817
PA Poconos	Mark Carmody	67 Lake Attitash Road Amesbury, MA, 01913	732-259-8312
PA South Central	Russ Mehnert	501 Lehigh Gorge Drive Jim Thorpe, PA 18229	570-350-7817
PA Pittsburgh	George J. Zacherl	535 Fisher Road Cabot, PA 16023	724-941-0101
SC Lowcountry	Ron & Christina Kirby	118 Wando Reach Road Charleston, SC 29492	843-936-3882
SC Midlands	Shirley Towne	1652 Barracks Drive Gilbert, SC 29054	803-447-4244
TN Middle (Middle TN Nashville)	Reed, Kathy and Clay Morgan	P. O. Box 158529 Nashville, TN 37215	615-297-0076
TN South East Tennessee	Elaine Zambos	P.O. Box 4483 Chattanooga, TN 37405	765-623-7469
TX El Paso	Martin and Jessica Lopez	8753 Old County Dr El Paso, TX 79907	915-799-3584
TX Greater Golden Triangle	Natasha Garrett	3260 Eastex Freeway Beaumont, TX 77703	409-883-5465
TX Northwest	Steve Black	P.O. Box 5162 Abilene, TX 79608	512-481-8686
TX Permian Basin	Steve Black	P.O. Box 5162 Abilene, TX 79608	512-481-8686
TX South Central	Steve Black	P.O. Box 5162 Abilene, TX 79608	512-481-8686
UT Northern	Kameron Thorne	6147 West Poplar View Drive, South Jordan, UT 84009	801-597-5264
UT Southern	Kip Kint and Richard Isom	1009 W 50 N St. George, UT 84770	435-817-8122

Territory	Executive Director	Address	Phone
VA Central VA	Dawne Brooks-Gulla	6767 Forest Hill Suite 270 Richmond, VA 23225	804-690-9220
VA Southwestern	Paula Frazier	P.O. Box 2074 Salem, VA 24153	540-793-0622
WA Central & Southeastern	Will and Stephanie Gaethle	420 S. 72 nd Avenue, Suite 180-149 Yakima, WA 98908	509-952-3804
WA Pacific Northwest	Micki Nichols	P.O. Box 1538 Silverdale, WA 98383	360-649-6589
WA East & Idaho North	Will and Stephanie Gaethle	S. 72 nd Avenue, Suite 180- 149Yakima, WA 98908	509-952-3804
WI Madison	David M Zemer	348 Napoleon Rd Michigan Center, MI 49254	888-531-3494
WI Northeast	David M Zemer	348 Napoleon Rd Michigan Center, MI 49254	888-531-3494
WI Southeast	David M Zemer	348 Napoleon Rd Michigan Center, MI 49254	888-531-3494
WV West Virginia	Brian Alcorn	456 Sourwood Drive Hardy, VA 24101	540-537-2527

EXHIBIT G

LIST OF OUR AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

California:	California Commissioner of the Department of Business Oversight 320 West 4 th St., Suite 750 San Francisco, CA 90013-2344
Hawaii:	Commissioner of Securities Department of Commerce & Consumer Affairs Securities Compliance Branch 335 Merchant St., Suite 203 Honolulu, HI 96813
Illinois:	Illinois Attorney General 500 South Second Street Springfield, IL 62706
Indiana:	Indiana Secretary of State 302 W. Washington St., Room E-111 Indianapolis, IN 46204
Maryland:	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan:	Michigan Department of Commerce Corporations and Securities Bureau 525 West Ottawa, G. Mennen Williams Bldg., 7 th Floor Lansing, MI 48909
Minnesota:	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198
New York:	New York Department of State Attention: UCC One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231 (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 701-328-4712
Rhode Island:	Director, RI Dept. of Business Regulation 1511 Pontiac Ave. Cranston, RI 02920

South Dakota:	Division of Insurance Securities Regulation 124 S. Euclid Suite 104 Pierre, SD 57501-3185
Virginia:	Clerk of the State Corporation Commission 1300 East Main St., 1 st Floor Richmond, VA 23219
Washington:	Administrator of Securities State of Washington, Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin:	Department of Financial Institutions Division of Securities 345 W. Washington Ave., 4 th Floor Madison, WI 53703
All other states:	Mary Kennedy Thompson, CEO BNI Franchising, LLC 3430 Toringdon Way Suite 300 Charlotte, NC 28277

EXHIBIT H

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM WITHIN THE MOST
RECENTLY COMPLETED FISCAL YEAR**

<u>Former Franchisee</u>		
<u>Former Franchisee</u>	<u>Address</u>	<u>Phone Number</u>
Cys Bronner and Dave Rittenhouse*	Beverly Hills CA 90212	866-889-3466
Mark Taylor*	Spring TX 77386	713-557-7973
Adam Strahan	Silsbee TX	409-751-0390

* Franchises were reacquired.

EXHIBIT I

STATE EFFECTIVE DATES

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:

State	Effective Date
California	January 1, 2025 (Exempt)
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

EXHIBIT J

RECEIPT

EXHIBIT J

RECEIPT (Your Copy)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If BNI Franchising, LLC offers you a franchise, it must provide this Disclosure Document to You 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Maryland, Michigan, and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If BNI Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit E.

The issuance date of this Disclosure Document is April 7, 2025.

The name, principal business address, and telephone number of the franchise sellers offering the franchise are: Michael Walchonski, BNI Franchising, LLC, 3430 Toringdon Way, Suite 300 Charlotte, NC 28277; (704) 248-4800.

Any additional individual franchise sellers (name and address) involved in offering the franchise are:

BNI Franchising, LLC authorizes the respective state agencies identified on Exhibit G to receive service of process for it in the particular state.

I received a Disclosure Document dated April 7, 2025 that included the following Exhibits:

A.	Financial Statements	F.	List of Current Franchise Locations
B.	Franchise Agreement	G.	List of Agents for Service of Process
C.	Form of General Release	H.	List of Franchisees Who Have Left the System
D.	State Specific Addenda	I.	State Effective Dates
E.	List of State Administrators	J.	Receipt

Date: _____
(Do Not Leave Blank)

Signature of Prospective Franchisee

Print Name

Please sign and date this receipt. You may keep this copy for your records.

EXHIBIT J

RECEIPT (Our Copy)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If BNI Franchising, LLC offers you a franchise, it must provide this Disclosure Document to You 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Maryland, Michigan, and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If BNI Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit E.

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The name, principal business address, and telephone number of the franchise sellers offering the franchise are: Michael Walchonski, BNI Franchising, LLC, 3430 Toringdon Way, Suite 300 Charlotte, NC 28277; (704) 248-4800.

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D.	State Specific Addenda	I.	State Effective Dates
E.	List of State Administrators	J.	Receipt

Date: _____
(Do Not Leave Blank)

Signature of Prospective Franchisee

Print Name

Please sign and date this receipt and return to: BNI Franchising, LLC, 3430 Toringdon Way, Suite 300, Charlotte, NC 28277