

FRANCHISE DISCLOSURE DOCUMENT



GOLF ENVY FRANCHISING, LLC
A California limited liability company
981 W. Arrow Hwy, #401
San Dimas, California 91773
(714) 248-6130
<http://www.golfenvy.com/>
franchising@golfenvy.com

We offer qualified individuals the right to operate a membership-based indoor golf facility (each a “Club,” or “Franchised Business”) that offers its members 24/7 access to state-of-the-art golf simulator bays for playing full rounds of golf, participating in tournament play, and improving members’ skills (collectively, the “Approved Services”), utilizing certain proprietary marks (including our current primary mark GOLF ENVY) and a designated system of operations that we have developed.

The total investment necessary to begin the operation of a Club is \$276,400 to \$696,900. This includes \$369,000 to \$373,000 that must be paid to us or our affiliate.

We may, in our discretion, offer qualified individuals the right to develop multiple Clubs under an Area Development Agreement. The total investment necessary to commence operating your initial Club pursuant to our form of Area Development Agreement will vary depending upon the number of Clubs required to be opened in your Development Area. By way of example, the total investment necessary to open three (3) Clubs is \$331,399 to \$751,899, which includes (i) a development fee of \$99,999 that is paid to us and (ii) your estimated initial investment to open the first Club.

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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Golf Envy Franchising, LLC, 981 W. Arrow Hwy, #401, San Dimas, California 91773, (714) 248-6130.

The terms of your contract will govern your franchise relationship. Don’t rely on this Disclosure Document alone to understand your contract. Read all of your contract(s) carefully. Show your contract(s) 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 also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: July 2, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or <i>Exhibit H</i> .
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 discretion. 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 D include 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 Golf Envy business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise 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 Golf Envy franchisee?	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by arbitration or litigation only in California. Out of state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor in California than in your home state.
2. **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.
3. **Mandatory Minimum Payments.** You must make minimum royalty payments regardless of your sales levels. Your inability to make the payments may result in the termination of your franchise agreement 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.

**NOTICE REQUIRED BY
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.

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

- (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 is 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 sub-franchisor.
- (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.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE
RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this franchise disclosure document (this “Disclosure Document”), we use the terms “Franchisor” or “we” or “us” to refer to Golf Envy Franchising, LLC. “You” means the person or entity that buys the franchise. If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Franchise Agreement (defined below) and related agreements will also apply to your owners.

Franchisor, Predecessors, Parent and Affiliates

We were formed as a limited liability company in the State of California on May 7, 2024. Our principal business address is 981 W. Arrow Hwy, #401, San Dimas, California 91773, and our phone number is (714) 248-6130. We do business under our corporate name and as “Golf Envy.” We do not do business under any other name. We do not currently operate, nor have we in the past operated, a Club similar to those offered to our franchisees, or any other type of business. We have not granted franchises for any other concept.

We have no parents or predecessors that are required to be disclosed in this Item.

Our affiliate, Golf Envy, LLC (“GE LLC”), a California limited liability company formed in July 2023 with the same business address as us, owns and operates two (2) businesses in the State of California of the type being franchised. GE LLC is also the owner of our Marks (as described in more detail in Item 13) and licenses to us the right to use the Marks and to sublicense the use of the Marks to our System franchisees. Except as disclosed above, as of the issuance date of this disclosure document, GE LLC (i) does not provide any goods or services to our System franchisees, and (ii) does not and has never offered franchises in this or in any other line of business.

Except as disclosed above, we have no affiliates that are required to be disclosed in this Item.

Our Agents for Service of Process

We disclose our agents for service of process in Exhibit A.

The Franchised Business

We offer and grant franchises to operate Golf Envy Clubs (each a “Club,” or “Franchised Business”). Clubs are 24/7 accessible, indoor golfing facilities featuring advanced golf simulator bays that allow the Club’s members to play full rounds of golf, participate in tournament play, and otherwise practice their game. Clubs operate under the name “Golf Envy” and other trademarks, service marks, logos, and commercial symbols we periodically authorize (the “Marks”). Clubs operate using business formats, operating and marketing methods, procedures, designs, layouts, standards and specifications (including available authorized products and services), all of which we designate and which we and our affiliates may own, improve, further develop, or otherwise modify at any time (collectively, the “System”).

To develop and operate a Club, you must meet our standards for franchise owners and must enter into our standard form of Franchise Agreement (the “Franchise Agreement”), the current version of which is attached to this Disclosure Document as Exhibit B. Under the Franchise Agreement, you will receive the right to use the Marks and System to operate your Club at a site selected by you and approved by us (the “Premises”).

We may, in our discretion, offer to you the right to enter into an Area Development Agreement (the “Area Development Agreement”), under which you would agree to acquire, develop and operate a specified number of Clubs according to a specified mandatory development schedule (the “Development Schedule”) within a specifically described geographic territory (the “Development Area”). Our current form of Development Agreement is attached as Exhibit C to this disclosure document. For every franchise you develop under an Area Development Agreement, you must sign our then-current form of Franchise Agreement, which may be different than the form we were using when you signed the Area Development Agreement.

Market and Competition

Your Franchised Business will compete with other businesses that offer indoor golf simulators and related services and products, as well as with outdoor and indoor golf courses and driving ranges. These include larger, national companies, and other local and regional businesses offering similar services and products. With respect to your sale of products, you will also be competing with other retailers of golf equipment and apparel and related products, including but not limited to general retailers, department stores, sporting goods and other specialty stores, warehouse clubs, and e-commerce outlets, some of whom might be authorized to sell Golf Envy-branded products. The market for golf in general is mature and highly competitive, however, the market for indoor facilities offering golf simulators is less well-developed.

Regulations

It is your sole obligation to research all applicable federal, state and local laws and regulations governing the operation of your Club. You must comply with such laws and with all other laws that apply generally to all businesses. We are not aware of any specific federal regulations governing the operation of an indoor golf facility. However, the state or other locality in which you operate your Club may have codes, ordinances, statutes, or laws which license or regulate businesses such as the one being offered in this Disclosure Document, and such regulations could affect the operations of your Club. These state and local laws may include such things as staffing, requiring certain medical equipment in the Club (such as automated external defibrillators (AEDs)), requiring bonds if a membership-based business sells memberships valid for more than a specified period of time, requiring club owners to deposit into escrow certain amounts collected from members before the club opens (so-called “presale” memberships), and imposing other restrictions on membership sales. Other regulations may apply to site location and building construction. You must know the laws and regulations applicable to your Club and ensure that you and your employees comply with all such laws and regulations. You are also responsible for obtaining any licenses or permits required for operating your Club. You should consult with your own professional advisors, such as an attorney and accountant, regarding applicable laws and regulations.

ITEM 2
BUSINESS EXPERIENCE

Ryan Wines – Founder & Chief Executive Officer

Ryan Wines is the founder of Golf Envy and has been our chief executive officer since our inception. Additionally, Mr. Wines currently serves as a Partner at Glendora Chevrolet in Glendora, California, where he began work as an Executive Manager in 1998, and as a Partner at Simi Valley Chevrolet in Simi Valley, California, since July 2016.

Cole Arranaga – Chief Operating Officer

Cole Arranaga has been our Chief Operating Officer since our inception. Prior to this role, Mr. Arranaga served as Vice President of Sales and Operations at D1 Training in Franklin, Tennessee from January 2020 to December 2023, and as Sales Manager at Gym Launch from January 2019 to January 2020.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee: When you sign the Franchise Agreement, you must pay us an initial franchise fee of \$45,000, payable in a lump sum. The initial franchise fee is fully earned by us when paid and is not refundable under any circumstances.

Opening Support Fee: You must pay us an opening support fee of \$20,000 (the “Opening Support Fee”) in a lump sum on the earlier to occur of (i) the four-month anniversary of the Effective Date of the Franchise Agreement, or (ii) the date that you execute a letter of intent (“LOI”) for your Premises. The Opening Support Fee covers the costs of the assistance we provide in your market leading up to your opening. This fee is uniform and non-refundable.

Pre-Opening Simulator Package: Prior to opening your Club, you are required to purchase from our designated supplier a minimum of four (4) complete golf simulator systems that will be used in the operation of your business. We collect the funds for your purchase of the simulators prior to opening and remit them to our designated supplier on your behalf. Our standard franchise offering expects and assumes that you will purchase four (4) simulators, for an estimated cost of \$290,000. If you elect to install additional simulators in your Club, the cost of your Pre-Opening Simulator Package will be higher. The Pre-Opening Simulator Package Fee is uniform

and non-refundable when paid.

Project Management Fee. You must pay our affiliate supplier (or a designated third-party supplier that we approve) a project management fee in the amount of eight percent (8%) of the total cost of your Club buildout, currently estimated to be between \$14,000 to \$18,000, plus the travel, meal, and accommodation expenses that we or our designee incur, in connection with the management services our affiliate provides with respect to the construction and buildout of your Club. This fee is uniform and non-refundable when paid.

Pre-Opening Temporary Pop-Up Location Fee (Optional). Once you have secured a lease for, or otherwise secured, the Premises for your Club and begun the construction and buildout of the Premises, you will have the option to open a temporary pop-up marketing location (the “Pop-Up Location”) that is located at a temporary site at or near your Premises, with limited equipment, including one (1) golf simulator, for the purpose of demonstrating the capabilities of the golf simulator system and to pre-sell memberships to your Club prior to its grand opening. See Item 11 for more information. If you elect to open such a Pop-Up Location, you must pay us or our affiliate a Pop-Up Location Fee, currently estimated between \$10,000 to \$20,000, for the rental of the golf simulator and for certain other inventory and operational assistance we provide in arranging the opening of the Pop-Up Location. This fee is uniform for those franchisees that elect to open a Pop-Up Location, and is non-refundable when paid.

Veteran Program: We will discount the amount of 10% off of either your franchise fee or your total area Development Fee if you are a veteran of the United States armed forces and provide the necessary documentation to verify that you are a retired or honorably discharged veteran.

Development Agreement

Development Fee: If we elect to enter into a Development Agreement with you, you must pay us a Development Fee according to the number of Clubs you agree to develop. The Development Fee is calculated as the sum of: (i) \$45,000 for the first Club required to be opened under the Development Agreement; (ii) \$30,000 for the second Club required to be opened under the Development Agreement; and (iii) \$24,999 for the third and each subsequent Club required to be opened under the Development Agreement. The Development Fee is deemed fully earned when paid and is not refundable under any circumstances. There is no additional initial franchisee fee payable in connection with each Club that you open pursuant to a Development Agreement, other than the Development Fee.

[Item 6 Continues Below]

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	7% of Gross Sales, with a rolling 12-month minimum annual royalty of \$12,500 commencing after your first 12 months of operation.	Monthly, on or before the 5 th day of each month.	“Gross Sales” is all revenue generated from operating your Club (whether or not in compliance with the Franchise Agreement), whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, including any revenue derived from the sublease of any portion of the Premises and sponsorship revenue received by or allocated to your Business, but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, (2) the amount of any documented refunds, and (3) the amount of any credits and discounts that we approve and that your Business in good faith gives to customers and your employees. See Note 2.
Marketing Fund	\$300 per month	Monthly	The Marketing Fund is used to promote the Marks, patronage of Clubs, and the System brand generally. We reserve the right to increase your contributions to the Marketing Fund to up to 2% of your Gross Sales.
Local Marketing Requirement	Minimum of \$3,000 per month.	Monthly	You must begin paying your Local Marketing Requirement at least three (3) months prior to opening your Club. We reserve the right to approve or disapprove any marketing materials used. We may require you to provide us with monthly reports detailing your local advertising expenditures.

Local Advertising Cooperative	Not currently assessed.	Monthly	If a local advertising cooperative is formed in your geographic region, we may require you to participate in such a cooperative. We reserve the right to collect your local advertising cooperative contributions on behalf of the local advertising cooperative. As of the Issue Date of this Disclosure Document, we have not yet formed any cooperatives. In the event we do so, Clubs that we or our affiliates own and that are located within the area covered by the local advertising cooperative will contribute to the cooperative on the same basis on which you contribute.
Interest on Late Payment	The lower of 18% per annum or the maximum rate allowed by law	As incurred	Owed only on amounts not paid by their due dates
Site Selection Area Change Request Fee	\$1,000	As incurred	If you request a change to your Site Selection Area, then you must pay us \$1,000 in connection with such change (whether or not approved).
Insufficient Funds Fee	\$100 per occurrence	As incurred	Owed only if checks returned or ACH requests declined due to insufficient funds or returned for other reasons.
Non-Compliance Fee	\$1,000 for the third infraction, \$5,000 for the fourth infraction and every infraction thereafter	As incurred	Payable in the same manner as your Royalty. Please be advised that (i) we do not currently impose a fee for your first or second infractions, and (ii) in addition to any non-compliance fees, your non-compliance with our System specifications constitutes a default of your Franchise Agreement.
Transfer Fee – Franchise Agreement	\$10,000, plus any broker's commissions or other third-party fees.	As incurred	Payable as a condition of our approval of a transfer
Transfer Fee – Area Development Agreement	\$10,000 per territory	As incurred	Payable as a condition of our approval of a transfer
Renewal Fee	50% of our then-current Initial Franchise Fee	Upon renewal	You must meet certain other conditions to renew your Franchise Agreement.

Inspection and Audit Fee	Actual cost.	Within 15 days of receipt of report	Reimbursement of costs of audit or inspection of your records, but only if audit or inspection was triggered by your failure to provide required reports or if we discover underreporting of Gross Sales by more than 3%.
Management Fee	10% of Gross Sales plus costs and expenses	As incurred	Payable only if we may assume management of your Business due to your death, disability, abandonment or failure to cure defaults of the Franchise Agreement within the specified cure period.
Additional Training	For additional individuals to attend our Initial Training Program: \$500 per person per day. For requested and/or remedial training beyond the Initial Training Program: \$500 per trainer per day.	As incurred	Payable only if (i) you request to bring more than two (2) individuals to attend the Initial Training Program, or (ii) if you request and we agree, or if we require, to provide training or assistance beyond the initial training program. If we provide the training at your Premises, you will also pay our travel, lodging, and meal expenses.
Annual Conference Fee	Not currently assessed.	At time of registration	We have the right to organize and host an annual conference and/or convention for our System franchisees and require that you and your management personnel attend. When established, we estimate that the registration fee will be \$1,000 per attendee.
Remodel Fee	Estimated to be \$3,000	As incurred	You must reimburse the expenses we incur for our review of your proposed remodeling and final walk-through of the premises once the remodel is complete.
Relocation Fee	\$10,000	As incurred	You are not granted the right to relocate your Business; however, if you request our approval of a relocation, we will charge you a fee for our review and approval of your request. The amount shown is the current fee we expect to charge, but it is subject to change.
Vendor or Equipment Testing Fees	\$1,500 to \$2,000	As incurred	If you ask us to approve, and we agree to evaluate, a specific vendor or non-compliant or non-sanctioned equipment, we may require you to reimburse us the costs we incur in evaluating that vendor or equipment, currently estimated to be between \$1,500 to \$2,000 per evaluation.

Insurance Reimbursement	Our actual costs in obtaining or reinstating insurance.	As incurred	Payable to us only if you fail to obtain and maintain required insurance, and we, at our option, obtain or reinstate the insurance for you. You reimburse us for the cost of the insurance. We reserve the right to charge a reasonable fee for our services and our out-of-pocket expenses.
Indemnification	Will vary under circumstances	As incurred	Under the Franchise Agreement and Area Development Agreement, payable only if an indemnifiable claim is asserted against us and certain related parties arising out of your Business's operations.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement and we are the prevailing party in any relevant litigation or arbitration.
Liquidated Damages	Will vary under circumstances	As incurred	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach.

NOTES

1. **Generally.** Unless otherwise set forth in this Item, all fees noted in this Item 6 are uniformly imposed and are payable to us and/or our designated suppliers and are non-refundable. All fees due under the Franchise Agreement shall be collected by us through our Electronic Funds Transfer ("EFT") Program from a bank account that you choose. You must execute the Electronic Funds Withdrawal Authorization in a form substantially similar to that attached to the Franchise Agreement contemporaneously with the execution of the Franchise Agreement that authorizes us to collect all fees by EFT.

2. **Gross Sales.** "Gross Sales" includes all revenue from the sale of all products and performance of services from the Franchised Business, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that Franchisee receives from third-party vendors/suppliers. "Gross Sales" shall not include monies that are collected and submitted by Franchisee for transmittal to the appropriate taxing authority. In computing the Gross Sales, Franchisee shall be permitted to deduct the amount of cash refunds to, and coupons used by customers at the time the balance is fully paid to Franchisee, if such amounts have been included in Gross Sales of the Franchised Business

3. **Inspection and Audit Fee.** Following an audit, if we find you have underreported sales by 2% of your year to date sales or more, you will pay the Royalty Fee and all other past amounts due under the Franchise Agreement due to your underreporting, as well as interest and all our costs associated with conducting the audit. Audit costs vary depending upon where you are located, the condition of your financial records, what we audit and when. There are no audit costs to you if your records, reports and payment are in order and current.

4. **Late Fees.** Late fees begin from the date payment was due, but not received, or date of underpayment.

5. **Payment Period and Method.** We may, in our sole discretion, change your payment schedule with respect to the Royalty Fee and any other amounts due to us under your Franchise Agreement (i.e., modifying monthly payment to weekly), or require you to use any other method of payment, upon thirty (30) days written notice to you.

6. **Liquidated Damages.** Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open the Franchised Business through the date of early termination, multiplied

by the lesser of: (i) 36, or (ii) the number of months remaining in the term of the Franchise Agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

CHART A - FRANCHISE AGREEMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$45,000	Lump Sum	On signing Franchise Agreement	Us
Opening Support Fee ²	\$20,000	Lump Sum	The earlier to occur of (i) 4 months from Effective Date of Franchise Agreement, or (ii) the signing of the Letter of Intent for your Premises	Us
Local Marketing Requirement – Pre-Open (3 Months) ³	\$9,000	As Arranged	Before Opening	Suppliers and Us
Net Leasehold Improvements ⁴	\$67,000 - \$155,000	As Arranged	As Invoiced	Suppliers
Architecture, Engineering and Design Fees ⁵	\$10,500 - \$25,000	As arranged	As Invoiced	Suppliers
Project Management Fee ⁶	\$14,000 - \$18,000	As Arranged	As Invoiced	Us
Signage ⁷	\$7,000 - \$15,000	As arranged	As Invoiced	Suppliers
Furniture, Fixtures & Equipment ⁸	\$6,000 - \$9,000	Lump Sum	As Invoiced	Suppliers
Golf Simulators ⁹	\$60,000 - \$290,000	As Arranged	As Invoiced	Supplier
Golf Simulator Software and Licenses – 3 Months ¹⁰	\$2,400	As Arranged	As Invoiced	Supplier
Opening Inventory and Supplies ¹¹	\$500 - \$1,000	Lump Sum	As Invoiced	Suppliers
Computer System and Required Software – 3 Months ¹²	\$2,000 - \$3,000	As Arranged	As Invoiced	Suppliers

Training Expenses ¹³	\$1,000 - \$5,000	As Arranged	As Incurred	Suppliers
Lease Deposit, Rent – 3 Months ¹⁴	\$8,000 - \$31,500	As Arranged	As Incurred	Landlord
Professional Fees, Permits and Licenses ¹⁵	\$2,000 - \$5,000	As Invoiced	As Incurred	Suppliers
Insurance Premium – 3 Months ¹⁶	\$2,000 - \$3,000	As Invoiced	As Invoiced	Supplier
Pop-Up Location Fee (Optional) ¹⁷	\$0 - \$20,000	As Invoiced	As Incurred	Us or Our Affiliate
Additional Funds (3 Months) ¹⁸	\$20,000 - \$40,000	As Invoiced	As Incurred	Suppliers and Employees
TOTAL ESTIMATED INITIAL INVESTMENT¹⁵	\$276,400 - \$696,900			

NOTES

Generally. All fees payable to us or our affiliates are not refundable. Whether any of the other payments are refundable will depend on the arrangement between you and the supplier.

- Initial Franchise Fee.** The Initial Franchise Fee is described in greater detail in Item 5.
- Opening Support Fee.** You must pay us an opening support fee of \$20,000 (the “Opening Support Fee”) in a lump sum on the earlier to occur of (i) the four-month anniversary of the Effective Date of the Franchise Agreement, or (ii) the date that you execute a letter of intent (“LOI”) for your Premises. The Opening Support Fee covers the costs of the assistance we provide in your market leading up to your opening.
- Local Marketing Requirement – Pre-Open (3 Months).** You must conduct an initial marketing campaign that we approve and expend a minimum amount of \$3,000 per month on such marketing campaign prior to opening your Club. We reserve the right to collect this amount and expend it on your behalf (See Item 11).
- Net Leasehold Improvements.** We anticipate that the average franchised Club will typically be located in commercially zoned retail areas and be between approximately 2,700 to 3,500 square feet in size. The typical size of a Club must accommodate a minimum of four (4) golf simulators. The range above assumes that you will receive tenant improvement allowances in an amount between \$20 to \$40 per square foot. A landlord’s willingness to provide tenant improvement allowance varies and may be based on factors such as the condition of the premises, the creditworthiness and financial statements of the tenant and the term of the contemplated lease. If your landlord does not provide any tenant improvement allowance, your costs may be higher. Your actual costs may vary considerably depending on the size of the premises you lease for the Club, the cost of financing and other local conditions, including labor, material costs, and local government requirements. Local governments and agencies typically charge you fees for such things as construction permits and operating licenses. Costs may vary based on the requirements of local government agencies. These costs are typically not refundable.
- Architecture, Engineering, and Design Fees.** You must use our designated supplier(s) to conduct an architectural and structural review of your premises prior to commencing construction on the premises of your Club. The low end of this estimate assumes your city or municipality will not require a review by a

professional engineer.

6. **Project Management Fee.** You must pay our designated supplier (which may be us or our affiliate) a project management fee in connection with the management and supervision of the buildout of the premises of your Club. This fee is described in more detail in Item 5.

7. **Signage.** You must obtain and install (at your expense) all interior and exterior signage that we require as specified in our Operations Manual or otherwise in writing.

8. **Furniture, Fixtures, and Equipment.** You are required to purchase certain furniture, fixtures, and equipment that we specify for the operation of your Club, which includes, but is not limited to, one (1) bag rack per simulator bay, two (2) chairs per simulator bay, bar tops (one for every two simulator bays), one (1) refrigerator per simulator bay, high-definition television(s) (one for every two simulator bays), and trash receptacles. We have the right to designate suppliers from which you must purchase such furniture, fixtures, and equipment. The low end of this estimate assumes that your Club will feature four (4) golf simulator bays, while the high end of this range assumes that your Club will feature six (6) golf simulator bays (the maximum allowable under our form of franchise agreement, unless otherwise approved in writing by us).

9. **Golf Simulators.** You must purchase a minimum of four (4), or a maximum of six (6) complete golf simulator systems for the operation of your Club from the supplier we designate. The estimate range disclosed above assumes that you will elect to purchase and install four (4) golf simulators in your Club. If you elect to provide additional simulator bays at the premises of your Club, each additional simulator system costs approximately \$75,000. The low end of this estimate range assumes that you will qualify for and obtain financing for the purchase and installation of four (4) simulators, while the high end of the estimate range assumes that you will purchase the hardware systems for four (4) simulators outright. We do not provide financing for the purchase of the golf simulator systems (or financing of any kind), but we may designate approved suppliers for such financing in the future.

10. **Golf Simulator Software and Licenses – 3 Months.** You must license the software required for the operation of the golf simulator systems from our designated and approved third-party supplier. This estimate assumes that your Club will feature four (4) simulators; if you elect to install and operate six (6) simulators at your Club, the required software for such additional simulators is estimated to cost \$200 per month per simulator.

11. **Opening Inventory and Supplies.** You are not required to purchase an initial supply of inventory at the time you open and commence operating your Club, however, you may wish to make an initial purchase of inventory to have on hand for the opening of your Club, including of items such as golf balls, replacement tees, replacement turf mats, and other operational inventory. Although you will not purchase these materials from us, you are required to purchase only products approved by us. The price of these products is subject to change for reasons that may or may not be within our control.

12. **Computer System and Required Software – 3 Months.** You must purchase the computer hardware we specify for the operation of your Club, as well as the software we designate. See Item 11 for our current computer system hardware requirements. The estimate above is for the purchase of the system hardware we require for the operation of the Club, as well as an estimate of the software license fees you will incur during your first three (3) months of operation, including those licenses for our designated and required CRM software provider, QuickBooks Online, and our designated website management software. Your costs may be higher depending upon the number of individual licenses you obtain for the personnel of your Club.

13. **Training Expenses.** You will be required to cover all costs and expenses associated with you and your personnel attending our initial training program, including the travel, food, lodging and employee salaries for the training conducted at our designated training facility in the greater Los Angeles, California, area, or other training facility we designate. The total costs and expenses to attend our Initial Training Program will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. You and your Designated Manager (if applicable) must attend and complete the training we designate at least three (3) months prior to opening your Club.

14. **Lease Deposit, Rent – 3 Months.** Your monthly rent expense may vary from our estimate based on numerous factors such as the location of the Premises, the square footage of the Premises, the visibility of the Premises, access to major streets, the age and type of structure in which the Premises are located, any lease arrangements negotiated with your landlord, real estate taxes, common area maintenance charges and the like. The cost per square foot of commercial space varies considerably depending upon market conditions and the factors described above. Lease costs vary based upon required maintenance costs and other lease variables. It is difficult to estimate real estate costs. We are not real estate professionals, and we encourage you to consult one locally. You will need approximately 2,700 to 3,500 square feet of commercial space in which to operate your Club. These costs may not be refundable, but your security deposit may be refundable under certain circumstances.

15. **Professional Fees, Permits, and Licenses.** You may need the assistance of an attorney, accountant or other consultants to assist in establishing your Club. These fees may vary from location to location depending upon the prevailing local rate of attorneys', accountants' and consultants' fees. These fees are typically not refundable.

16. **Insurance – 3 Months.** You must, at your own expense, keep in force insurance policies for your Club. You may be required to prepay a portion of the first year's premiums for insurance. See Item 8 for a detailed description of our current insurance requirements. Your individual insurance carrier and state may require you to obtain additional insurance coverage.

17. **Pop-Up Location Fee (Optional).** The high end of this range is intended to cover the estimated costs and expenses over your two to three-month initial period of operations in the event you determine to open a temporary "pop-up" location prior to the grand opening of your Club, including for your rental of one (1) mobile golf simulator, additional inventory and marketing associated with the opening of the pop-up location, additional payroll expenses and operating capital, and additional financing- and lease-related costs (if any) associated with the equipment necessary to operate the pop-up location. You are not required to open a pop-up location prior to the grand opening of your Club, and the low end of this range assumes that you will elect not to open such a pop-up location.

18. **Additional Funds (3 Months).** We recommend that you have a minimum amount of working capital available to cover certain expenses incurred before you open and in your first three (3) months of operation, including operating expenses and employee salaries. We relied on our management team's experience in operating our affiliates' two (2) existing locations in California in developing these figures. You must be prepared to reorder inventory and supplies as necessary and to cover the costs of operations. We cannot guarantee that you will not have additional expenses. We also cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically not refundable. The required funds will vary by market, how closely you follow our methods and procedures; your management skills, experience, and business acumen; the relative effectiveness of your staff; local economic conditions; competition in your market; the prevailing wage rate; your investment in marketing programs and the sales level you reach during the initial period. This estimate for "Additional Funds" does not include any of your personal living expenses and does not include any fees associated with debt services. We recommend that you review all figures in this Item 7 carefully with a business advisor before you decide to purchase the franchise.

[Item 7 Continues Below]

YOUR ESTIMATED INITIAL INVESTMENT

CHART B - AREA DEVELOPMENT AGREEMENT (Three (3) Franchised Clubs as Example)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ²	\$99,999	Lump Sum	Upon Execution of the Development Agreement	Franchisor
Initial Investment for Your Initial Franchised Business ³	\$231,400 - \$651,900	See Chart 7(A) above.	Before opening the Business	Various parties
TOTAL ESTIMATED INITIAL INVESTMENT⁴	\$331,399 - \$751,899			

NOTES

1. **Generally.** The estimates set forth in this Chart 7(B) assume that you will be entering into a Development Agreement for the right to open and operate between three (3) franchised Clubs. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

2. **Development Fee.** The Development Fee will vary based on the number of Franchised Businesses we grant you the right to develop as described more fully in Item 5 of this Disclosure Document. The Development Fee listed in the chart above is for the development of three (3) franchised Clubs and is calculated as follows: (i) \$45,000 for the first franchised Club to be developed pursuant to the Development Agreement; (ii) \$30,000 for the second franchised Club to be developed pursuant to the Development Agreement; and (iii) \$24,999 for the third and each subsequent Club to be developed pursuant to the Development Agreement. The Development Fee is deemed fully earned and non-refundable upon payment.

3. **Initial Investment for Your Initial Franchised Business.** This figure represents the total estimated initial investment required to open your initial Club from minimum to average under the Franchise Agreement you must enter into with us contemporaneously with the execution of your Development Agreement. This range includes all the estimated fees set forth in Chart 7(A), except for the Initial Franchise Fee, because you will not be required to pay an Initial Franchise Fee under any Franchise Agreement you enter into in connection with your Development Agreement.

4. **Total.** This total estimate set forth in Chart 7(B) above encompasses the investment you may incur in connection with signing a Development Agreement to open three (3) franchised Clubs, as well as the total investment to open and commence operations of your initial Club within your Development Area. It does not include any of the costs you will incur in opening any additional Franchised Businesses that you will be required to open and operate within the Development Area because these costs will not likely be incurred during the first three (3) months of operating your initial Franchised Business.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must offer and sell, and you are permitted to offer and sell, only those products and services that we have specifically approved in writing. You may not deviate from our approved products and services without prior written approval from us. Currently, you must purchase (i) certain inventory, including certain initial operational inventory; (ii) project management services; (iii) golf simulator systems and their associated software licenses; and (iv) certain additional software from designated suppliers or other suppliers approved by us in writing.

You must use only those types of equipment, Computer System (as defined below), furniture, fixtures, signs and inventory (“Operating Assets”) that we have approved according to our specifications and standards for appearance, function and performance. If you want to purchase or use any item which has not been specifically approved by us in writing, you must first (i) notify us in writing and submit to us sufficient specifications, photographs, drawings and other information or samples for us to determine whether the proposed Operating Assets comply with our specifications and standards, and (ii) pay to us a supplier/product evaluation fee of between \$1,500 to \$2,000. All suppliers must meet our approved supplier criteria, which determination will be made and communicated in writing to you within a reasonable time, typically within 30 days after receipt of the information from you or from the proposed supplier. We may impose limits on the number of approved suppliers. We may elect to withhold approval of a supplier or revoke approval of any supplier, if at any time the supplier fails to meet any of our criteria. Our supplier approval criteria is not available to you.

To maintain the quality and uniformity of all services, products, supplies, inventory, and equipment utilized by Clubs, we may issue and revise mandatory and recommended specifications, standards, operating procedures and rules for Clubs and for our approved or designated products, services, and suppliers (the “System Standards”). The appearance of and operating processes used by Clubs may evolve over time, so we reserve the right to change the System Standards to reflect that evolution. You must strictly comply with the mandatory System Standards as we might supplement or amend them. We may modify the Operations Manual (defined in Item 11) to reflect changes in System Standards.

You must conduct a pre-sales opening advertising program for your Club on the dates we designate, and in compliance with all of our requirements, which may include using a minimum amount that we require you to spend on such program. Currently, we do not designate a minimum amount that must be spent on pre-sales opening advertising. You must use the media, materials, programs and strategies we develop or approve for your pre-sales opening advertising program. Depending upon the state and/or local area in which your Club is located, you may be required to obtain a bond for the sales of memberships to your Club prior to the opening of your Club.

Insurance

You must maintain the minimum insurance coverage required by applicable law or required by us for your Club. You will purchase all insurance policies at your own expense. Our current requirements include:

- (i) General Liability insurance with minimums of \$1,000,000 per occurrence, \$2,000,000

general and products/completed operations aggregate, \$1,000,000 personal/advertising injury, \$50,000 rented premises damage, and \$5,000 medical expenses.

(ii) Accident Insurance with a minimum principal sum of \$25,000, and \$500,000 aggregate.

(iii) Employment Practices Liability Insurance (EPLI) with minimum coverage limits of \$500,000 per occurrence and \$500,000 aggregate, including third-party liability and wage and hour coverage of at least \$25,000, with the maximum deductible not to exceed \$10,000.

(iv) Sexual Abuse and Molestation Insurance with minimum limits of \$100,000 per occurrence and \$300,000 aggregate.

(v) Commercial Auto Insurance with a \$1,000,000 combined single limit, covering hired and non-owned autos.

(vi) Workers' Compensation Insurance with coverage limits of \$1,000,000 for bodily injury by disease per accident, \$1,000,000 policy limit, and \$1,000,000 per employee, with such policy (a) to be obtained and in place regardless of any state minimum threshold limits, (b) not to exclude owner-operators, and (c) to include uninsured independent contractors and a waiver of subrogation.

(vii) Property Insurance with coverage for business personal property (greater than or equal to \$300,000 full replacement cost value including simulators), tenant improvements (greater than or equal to \$225,000 full replacement cost value), business interruption (12 months ALS or greater than or equal to \$175,000), including franchisor royalties.

(viii) Cyber Liability Insurance with minimum coverage limits of \$250,000 per occurrence and \$250,000 aggregate.

You must name us and our designated affiliates and our and their respective principals, officers, directors, managers, owners, employees, agents, representatives and independent contractors as additional insureds for all liability coverage policies, unless otherwise specified in the Manual or otherwise in writing. All policies must be obtained from a carrier rated A-VII or higher by A.M. Best to ensure financial stability and reliability, and we may require any or all policies to include a waiver of subrogation in favor of us, our affiliate(s), or our designees. You must also provide us with a certificate of insurance for, as well as 30 days prior written notice of material changes to or cancellation of, all insurance policies. We reserve the right to change our insurance requirements at any time. Our then-current insurance requirements will be set forth in the Manuals or otherwise provided to you in writing.

Required and Approved Suppliers

Currently, we have a designated, approved supplier for certain apparel inventory, architecture and design services, construction management services, all required software (including golf simulator software), accounting and bookkeeping services, and marketing materials. We and our affiliates may become approved suppliers of these and other items. We may at any time require that you purchase products or services only from certain approved suppliers, and we may at any time designate a single supplier for any product or service, which may be us or an affiliate. We may, but are not required to, provide a list of approved suppliers in the Operations

Manual or otherwise in writing. None of our officers owns an interest in any approved supplier.

We develop the specifications and standards, but we will not issue to you or to our approved suppliers (except as we deem necessary for purposes of production) the specifications and standards for proprietary Operating Assets. We will communicate the approved Operating Assets to you in the Operations Manual and otherwise in writing.

Revenue from Franchisee Purchases

We and our affiliates may derive revenue or other material consideration from purchases made by you and other Club owners from us, our affiliates, and approved vendors. Consideration may be in the form of rebates and other consideration paid by third-party approved suppliers and mark-ups on purchases you make from us or our affiliates. As of the issuance date of this disclosure document, we do not receive any rebates or other consideration from third-party suppliers on account of franchisee purchases, however we reserve the right to do so in the future. Unless provided in the agreement with the approved supplier, neither we nor our affiliates will be obligated to spend funds received from approved suppliers nor are we or they bound to spend these funds in any particular manner or for any particular purpose.

We reserve the right to arrange with designated vendors to collect (or have our affiliates collect) fees and expenses associated with the products and services they provide to you. If we pay the vendor on your behalf for products and services they provide to you, we will initiate a withdrawal from your bank account for your Business's respective cost.

We are a new franchise offering as of the issuance date of this disclosure document, and therefore as of the issuance date of this disclosure document, we have not derived any revenue from approved vendors for required purchases or leases by franchisees.

We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, may range from 80% to 90% of the costs of establishing your Franchised Business, and approximately 30% to 60% of the total cost of operating your Franchised Business after that time.

Cooperatives

As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above.

Negotiated Prices

We or our affiliates may negotiate purchase arrangements, including prices and terms, with designated and approved suppliers for Clubs.

Material Benefits

Except as disclosed above, we and our affiliates do not currently provide any material benefits to franchisees based on their use of designated or approved suppliers.

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	ITEM IN DISCLOSURE DOCUMENT
A. Site selection and acquisition/lease	Sections 3.A and 3.B; Sections 2.A and 2.B in Area Development Agreement	Items 8 and 11
B. Pre-opening purchases/leases	Sections 3.C and 3.D in Franchise Agreement	Items 5, 7, 8, and 11
C. Site development and other pre-opening requirements	Section 3 in Franchise Agreement; Section 2 in Area Development Agreement	Items 7, 8, and 11
D. Initial and ongoing training	Sections 5.A and 5.B in Franchise Agreement	Item 11
E. Opening	Section 3.F in Franchise Agreement	Item 11
F. Fees	Section 4 in Franchise Agreement; Section 3 in Area Development Agreement	Items 5, 6 and 7
G. Compliance with standards and policies / Operations Manual	Sections 5.B, 5.C and 9 in Franchise Agreement	Items 8, 11 and 14
H. Trademarks and proprietary information	Sections 6 and 7 in Franchise Agreement; Section 4 in Area Development Agreement	Items 13 and 14
I. Restriction on products/services offered	Sections 9.B and 9.C in Franchise Agreement	Items 8 and 16
J. Warranty and customer service requirements	Section 9.E in Franchise Agreement; Section 10.B in Area Development Agreement	Not applicable
K. Territorial development and sales quotas	Sections 2.C and 2.D in Area Development Agreement	Item 12
L. Ongoing product/service purchases	Sections 9.B and 9.C in Franchise Agreement	Item 8

M. Maintenance, appearance and remodeling requirements	Sections 9.A and 9.I in Franchise Agreement	Item 11
N. Insurance	Section 9.G in Franchise Agreement	Items 7 and 8
O. Advertising	Section 10 in Franchise Agreement	Items 5, 6, 7, 8 and 11
P. Indemnification	Section 17.C in Franchise Agreement; Section 8.B in Area Development Agreement	Item 6
Q. Owner's participation, management, and staffing	Section 9.D in Franchise Agreement; Section 1.D in Area Development Agreement	Items 11 and 15
R. Records/reports	Section 11 in Franchise Agreement; Section 2.E in Area Development Agreement	Items 6 and 11
S. Inspections/audits	Section 12 in Franchise Agreement	Items 6 and 11
T. Transfer	Section 13 in Franchise Agreement; Section 6 in Area Development Agreement	Items 6 and 17
U. Renewal	Section 14 in Franchise Agreement; Section 1.F in Area Development Agreement	Item 17
V. Post-termination obligations	Section 16 in Franchise Agreement; Section 7.B in Area Development Agreement	Item 17
W. Non-competition covenants	Sections 8.A and 16.B in Franchise Agreement; Sections 5.A and 7.C in Area Development Agreement	Item 17
X. Dispute resolution	Section 19 in Franchise Agreement; Section 9 in Area Development Agreement	Item 17

ITEM 10 **FINANCING**

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

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

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

Our Pre-opening Obligations – Franchise Agreement.

Before you open your Business, we or our affiliates will provide you the following

assistance:

- 1) Consultation on and approval of sites. (Franchise Agreement – Sections 3.A and 4.F)
- 2) Review and approval of the lease. (Franchise Agreement – Sections 3.B and 4.F)
- 3) We will provide initial training for you and your Designated Manager (as defined in Item 15) at our designated training facility or another location designated by us. This training will occur over an approximate four-week duration, including two (2) days in-person at our designated training facility in Southern California. (Franchise Agreement – Section 5.A)
- 4) We may, in our sole discretion, provide on-site assistance with your grand opening. (Franchise Agreement – Section 5.A)
- 5) We will grant you access to our online Operations Manuals and training modules (defined in Item 11). (Franchise Agreement – Section 5.C)
- 6) We will provide information and specifications (for non-proprietary Operating Assets) with respect to required equipment (including the Computer System), and other required inventory, furniture, fixtures and signs, marketing materials and supplies, and lists of approved suppliers or vendors. (Franchise Agreement – Sections 3.D, 4.C, 5.B, 9.C and 9.I)
- 7) We will approve media, materials, programs and strategies for use in your pre-sales opening advertising campaign. (Franchise Agreement – Section 10.A)
- 8) We may provide assistance and guidance in establishing prices for products and services, including suggested minimum and maximum prices (subject to restrictions imposed under applicable law). (Franchise Agreement – Section 9.H).

Our Pre-opening Obligations – Area Development Agreement

After you sign an Area Development Agreement, we or our affiliates will provide you the following additional assistance:

1. Consultation on and approval of sites. (Area Development Agreement – Section 2.A).

Opening of Your Business

We must approve your proposed site for the Premises. It is your responsibility to locate and submit proposed sites for your Club for our approval. Once you submit a proposed site to us, we will consult with you on the proposed site, which we will approve or disapprove based on factors such as business count, traffic count, accessibility, parking, visibility, competition and license availability.

When you have given us all the necessary information on the site you have selected, we generally will approve or disapprove the site within 30 days. If you do not locate and obtain our approval for an acceptable site within 90 days of signing the Franchise Agreement, we may terminate your Franchise Agreement.

Before your Business enters into any lease, sublease or other document for possession of the Premises, we must approve the applicable lease, sublease or other documents for possession of the Premises. You will lease the Premises from a third party, and you must arrange for the execution

of the Lease Rider in the form that is attached as Appendix A to the Franchise Agreement in Exhibit B of this Disclosure Document. If you do not obtain our written approval of the documents within 180 days of signing the Franchise Agreement, we may terminate your Franchise Agreement.

Our approval of a site for the Premises or a document for the possession of the Premises is not a guarantee of the success or profitability of the site.

As noted in Items 5 and 7 in this Disclosure Document, you and other System franchisees may determine to open a temporary Pop-Up Location prior to and/or during the buildout of your actual approved Premises that is located at a temporary site— and we account for the estimated costs for doing so in Item 7 above. Pop-Up Locations will typically feature (a) one (1) rented mobile golf simulator for demo and trial purposes, and (b) a small area for meeting potential Club members. While you will need to receive required initial training prior to (i) providing any services, or demoing the golf simulator system for potential Club members, and (ii) pre-selling memberships to your Club from the Pop-Up Location, the site selection criteria and guidelines set forth in this Item 11 will and do not apply to such a Pop-Up Location – and opening such a temporary location will not, and may not be construed to, satisfy your obligation to acquire an approved Premises as disclosed in this Item and in your Franchise Agreement.

We estimate that you will open and begin operating your Club within nine to twelve months. Factors that affect this time include obtaining a satisfactory site, financing arrangements, lease negotiations, local ordinances, and licenses, permit and design approvals, delivery and installation of equipment, renovation of the Premises in accordance with our standards, and you (or your Designated Representative) and your Designated Manager completing training to our satisfaction. We may terminate your Franchise Agreement if you fail to commence operating your Business within 365 days after you sign the Franchise Agreement.

Our Obligations During the Operation of Your Business.

During the operation of your Business, we or our affiliates will provide you the following assistance under the Franchise Agreement:

- 1) We will provide you with an e-mail account for use in the operation of your Business. (Franchise Agreement – Section 3.D)
- 2) We will periodically provide you additional and refresher training. (Franchise Agreement – Section 5.A)
- 3) We will advise you periodically with respect to the specifications (for non-proprietary Operating Assets) and operating procedures and methods that Clubs use. (Franchise Agreement – Section 5.B and Section 9.I)
- 4) We will advise you of what purchasing is required and what authorized Operating Assets and other products and services are required. (Franchise Agreement – Section 5.B and Section 9.I)
- 5) We will provide you with a list of authorized vendors and suppliers for the products, goods, merchandise, supplies, equipment, and services. (Franchise Agreement – Section 9.C)
- 6) We will establish and operate a Marketing Fund (defined in Item 11). (Franchise Agreement – Section 10.B)
- 7) We will review and approve any advertising and marketing materials and programs that

you develop or desire to implement for your Business that we have not previously approved or provided to you. (Franchise Agreement – Section 10.C)

- 8) We will maintain a website for the promotion of System Clubs. (Franchise Agreement – Section 10.D)

We are not obligated to provide any assistance to your Business once operational under the Area Development Agreement.

Advertising and Promotion Programs.

A. Marketing Fund.

We have established a marketing fund to promote the Marks, patronage of Clubs, and the System brand generally (the “Marketing Fund”). We currently require you to contribute \$300 per month to the Marketing Fund. We reserve the right to increase your required contribution to up to 2% of the Gross Sales of your Business, in our discretion. We will provide you with advance notice of any increases in the required contribution. Contributions to the Marketing Fund will be payable in the same manner as the Royalty unless we specify otherwise.

We or our designees will direct all programs and activities of the Marketing Fund, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund may pay for preparing and producing photography, video, audio, and written materials and electronic media; developing, implementing, and maintaining a Franchise System website and related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing print and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or next generations of any such devices; administering search engine, social media and other online marketing campaigns; developing sales tools; supporting public relations, market research, event marketing, and other advertising, promotion, and marketing activities; providing customer service support; coordinating and managing athlete events, appearances, content procurement and other public relations activities; and hosting and sponsoring brand development events. The Marketing Fund will give you samples of advertising, marketing, and promotional formats and materials at no cost.

We will account for the Marketing Fund separately from our or our affiliates’ other funds. We may reimburse ourselves or pay our affiliates or other designees from the Marketing Fund for the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund’s other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, general business overhead, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for contributions to the Marketing Fund.

Neither we nor our affiliates owe any fiduciary obligation to you for administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total contributions to the Marketing Fund in that year, borrow from us or others

(paying reasonable interest) to cover deficits, or invest any surplus for future use. All interest earned on the contributions to the Marketing Fund will be used to pay costs before using the Marketing Fund's other assets. We will provide unaudited financial statements of the Marketing Fund upon reasonable request. We are not obligated to provide periodic accounting of how fees are spent. We may incorporate the Marketing Fund or operate it through separate entities whenever we deem appropriate.

We intend for the Marketing Fund to promote recognition of the applicable Marks and patronage of Clubs generally. Although we will try to use and cause the Marketing Fund to host and sponsor brand development events, and develop advertising and marketing materials and programs, and to place advertising and marketing that will benefit all Clubs contributing to the Marketing Fund, we need not ensure that the Marketing Fund's expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund's contributions by Clubs operating in that geographic area or that any Club benefits directly or in proportion to its contribution from hosting and sponsoring of brand development events, the development of advertising and marketing materials or the placement of advertising and marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect contributions to the Marketing Fund at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of a Club franchise owner and, upon 30 days' prior notice to you, reduce or suspend contributions to the Marketing Fund and the Marketing Fund's operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will spend all remaining monies in the Marketing Fund in our sole discretion.

Clubs that we or our affiliates own may, but are not currently required to, contribute to the Marketing Fund on the same basis on which you contribute to those funds. Depending on the year a franchisee executes their franchise agreement, they may contribute a different amount than you.

As of the issuance date of this disclosure document, we have not collected nor expended any Marketing Fund contributions.

B. Local Advertising

You must advertise your Business as set forth in the Operations Manual. We may require you to participate in and to pay your share of a collective advertisement with other Clubs in your area. You also must meet the minimum monthly spending requirement we impose (currently, \$3,000 per month) to advertise and promote your Business (this may include costs of approved directory listings, strategic social media campaigns, and local internet advertising). Within 30 days after the end of each calendar quarter, you must send to us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion during the preceding quarter. Your local advertising and promotion must follow our guidelines.

C. Local Advertising Cooperative

We reserve the right to establish and require you to participate in a local advertising

cooperative if there are 2 or more Clubs in a geographical area. Generally, a geographic area for a cooperative will be defined as an area in which multiple franchisees operate and which, in our determination, has some overlap in media coverage. If your Club falls within the area covered by a local advertising cooperative, you must contribute your share to the cooperative which will not exceed 1.5% of your Gross Sales, unless the members of the cooperative approve a higher percentage according to the bylaws adopted by the cooperative. We reserve the right to collect your contribution on behalf of the cooperative, in which case your contribution will be payable in the same manner as the Royalty. Fees remitted to the cooperative usually will be used at the discretion of the cooperative to promote the products and services provided by Clubs that are members of the cooperative. We have the right to approve all of the cooperative's marketing programs, advertising materials and media selections. We will account for cooperative fees separately from our other funds. We will not use cooperative fees to solicit the sale of franchises. A cooperative will provide us with an annual financial statement, which will be reviewed by one of our officers.

We may use collection agents and bring legal proceedings to collect amounts owed to any local advertising cooperative, and may forgive, waive, settle and compromise claims by or against a cooperative. We have no liability or obligation to you for the maintenance, direction or administration of a cooperative. Each cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine in advance. We may change, dissolve or merge any cooperative. As of the Issue Date of this Disclosure Document, we have not yet formed any advertising cooperatives. In the event we do so, we will make information about the administration of such cooperatives available to you upon your written request.

Clubs that we or our affiliates own and that are located within the area covered by the local advertising cooperative may, but are not currently required to, contribute to the cooperative on the same basis on which you contribute.

D. Pre-Sales Opening Advertising

In addition to your other advertising obligations, you must conduct an approved pre-sales opening advertising program for your Business to take place on the dates we designate before and after your Business opens. You agree to conduct your pre-sales opening advertising program in compliance with all our requirements, which may include a minimum amount that we require you to spend on such program. You must use only our approved media, materials, programs and strategies for the pre-sales opening advertising program. Four months after signing your Franchise Agreement (or upon signing the letter of intent for the Premises of your Club, whichever occurs first), you will pay us the \$20,000 Opening Support Fee, which covers our cost to assist you in the opening of your Business, including, without limitation, set-up of your Business' branded website, assistance with training your initial staff with System operations, our third-party public relations firm providing PR support (including assistance drafting press releases), consideration and approval of your initial Designated Manager.

In addition to the Opening Support Fee, you must also conduct an initial marketing campaign that we approve, with a minimum cost of \$9,000, however, you will be solely responsible for all your costs and expenses incurred in conducting such advertising, for example the cost of purchasing direct mail advertisements and banners. We reserve the right to collect this amount and spend it on your behalf. This minimum amount for your initial marketing campaign does not account for your opening and operating from a Pop-Up Location prior to or while building out the actual approved Premises for the Franchised Business – which

is an option, but not a requirement, under our current franchise offering.

E. Other Advertising Obligations

You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe periodically. At least 30 days before you use them, you must send to us for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 15 days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them unless and until, in our discretion, we withdraw our approval.

We will provide you with a webpage on the Franchise System website that references your Business. You must: (i) provide us the information and materials we request to develop, update, and modify your webpage; and (ii) notify us whenever any information on your webpage is not accurate. We have final approval rights over all information on the Franchise System website (including your webpage). You may also develop and maintain social media accounts that we approve under our then-current social media policy, which we may modify periodically.

We do not have a franchisee advisory council that advises us on advertising policies, though we reserve the right to establish this council in the future.

Computer Hardware and Software

You must obtain and use in the operation of your Business the integrated computer hardware and software system, including tablets or other portable electronic devices, that we designate or approve from time to time to ensure compliance with the standards we specify periodically in the Operations Manual (the “Computer System”). We estimate that the cost to purchase the Computer System is approximately \$2,000 to \$3,000. The Computer System currently consists of 2 iPads, 1 laptop or desktop computer, 2 flat screen TVs (minimum of 50”), accounting and reporting system, WIFI, and system firewall. Note, we may change the Computer System requirements at any time to meet our standards and specifications. Although the Computer System must meet our standards and specifications, you have the sole responsibility to ensure that all components of your Computer System function properly. We bear no liability for any failure of the Computer System’s hardware or software, programming interfaces, internet connectivity or security measures. We may modify specifications for, and components of, the Computer System.

Currently, you may purchase the hardware components and license the software components from any supplier that sells or licenses components that meet our specifications; however, we reserve the right to require you to purchase or license the required components only from approved or designated suppliers. We are not obligated to provide any ongoing updates, upgrades, maintenance, or repairs. Your Computer System will enable you to collect information about client information and usage, staff scheduling and payroll management, financial information, membership growth, billing, and tournament schedules. We will not have the ability to access your computer and that information but reserve the right to do so. There are no contractual limitations on our and our affiliates’ right to access this information and data.

You must upgrade your hardware and software when we decide it to be necessary and at your own cost. We reserve our right to update the requirements for the Computer System

periodically and there are no limitations on these rights.

Operations Manual

We provide guidance through manuals and bulletins, including the operations manual (the “Operations Manual”), which may include one or more separate manuals as well as computer software, information available on an Internet site, other electronic media, or written materials. The Operations Manual is currently provided in digital format and consists of a total of 99 modules. The current table of contents to the Operations Manual is attached as Exhibit E.

Training Program

The initial training program typically occurs over a total of four (4) weeks; during this period, we will provide remote instruction and training materials for your review and completion at your home or office. The initial training program culminates in two (2) days of training at our designed training facility in Southern California or at another location we designate. We may change the location of the initial training program to another location we designate. We may lengthen, shorten or restructure the contents of the initial training program. Training materials include the Operations Manuals and other training materials we develop and provide to you.

The initial training program is mandatory for you and your Designated Manager. Failure to timely complete training and open your Business may be cause for termination of your Franchise Agreement. We do not currently have a set training schedule, but we expect to provide the initial training program on a monthly basis. We will schedule the program based on your and our availability and the projected opening date for your Business. We do not require that training be completed within a certain time period after signing the Franchise Agreement, however, you and your Designated Manager (if applicable) must complete, to our satisfaction, the initial training program before (i) you commence pre-opening membership sales, and (ii) at least three (3) months prior to opening your Club. Any subsequent Designated Managers hired after opening must attend training at the next available training date at our discretion.

The initial training program is designed to cover all phases of the operation of a Club. Any individual attending the training who has not signed the form of Guaranty and Assumption of Obligations attached to the Franchise Agreement must execute a confidentiality agreement in the form provided by us.

You may request additional training at the end of the initial program. If we agree to provide the additional training you request, you must pay our then-current additional training fee (currently, \$500 per day).

We may require you and your Designated Manager and previously trained and experienced employees to attend and satisfactorily complete various training courses that we periodically choose to provide at times and locations that we designate. We will not require attendance at more than 2 of these courses, or for more than a total of 6 full business days, during any calendar year. Besides attending these courses, you agree to attend, if and when established, an annual meeting of all Club owners at a location we designate. Attendance at an annual meeting will not be required for more than 5 full days during any calendar year.

The initial training program is provided for up to 2 people, including you (or your Designated Representative) and your Designated Manager, at no additional charge to you. You will be solely responsible for the accommodation, compensation, travel, and other living expenses you and your Designated Manager and other personnel incur while attending our initial training

program or any refresher or additional training course.

As of the date of this Disclosure Document, we provide the following initial training:

TRAINING PROGRAM

Subject	Hours of Classroom or Online Training	Hours of On-The-Job Training	Location
Introduction to System	1	.5	Virtual and in person at our designated training facility
Sales Training	3.5	4	Virtual and in person at our designated training facility
Marketing and Market Entrance Strategy	2.5	1.5	Virtual and in person at our designated training facility
Operations	7	3	Virtual and in person at our designated training facility
Position Specific Training	18	2	Virtual and in person at our designated training facility
Attend System Classes and/or Product Sessions	2	3	Virtual and in person at our designated training facility
Accounting	2	3	Virtual and in person at our designated training facility
Vendor Support Functions	2	2	Virtual and in person at our designated training facility
TOTAL	38	19	

The hours devoted to each subject are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject, and scheduling.

Our Initial Training Program is currently supervised by our Chief Operating Officer, Cole Arranaga. Mr. Arranaga has 15 years of experience in the topics described above and has been with us since our inception. We reserve the right to substitute additional trainers for any portion of, or all of, the Initial Training Program.

ITEM 12

TERRITORY

Franchise Agreement

The Franchise Agreement gives you the right to open a single Club at a specific location. If you do not have a Premises as of the date you sign your Franchise Agreement, then a mutually agreed-upon non-exclusive site selection area wherein you will secure a Premises (the “Site Selection Area”) will be set forth in Exhibit A of the Franchise Agreement.

After you have secured a Premises that is approved by us, an amendment will be made to your Franchise Agreement. Under your amended Franchise Agreement, you will receive a designated Territory defined by a radius around your Club or geographic boundaries (“Designated Territory”). The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to Exhibit A of the Franchise Agreement. The sources we use to determine the population within your Designated Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources). There is no minimum size of Designated Territory that we grant for your Club, and we retain sole discretion in designating the size and location of your Designated Territory.

Your Designated Territory will likely vary from other System franchisees based on the population density and demographics of the Site Selection Area in which you are looking to open and/or develop your Club(s).

Once you receive your Designated Territory, your rights within the applicable Site Selection Area will go away. Since some portions of designated Territories granted in connection with Clubs may overlap, we will not approve any proposed premises for your Club that is located within another System franchisee’s Designated Territory.

Subject to your compliance with your Franchise Agreement, we will not open or locate, or license any third party the right to open or locate, any Club at a permanent physical Premises utilizing the Proprietary Marks and System within your Designated Territory. While we will not open, locate, or license any third party the right to open or locate a Club at a permanent physical Premises in your Designated Territory, your Site Selection Area and Designated Territory may overlap with the Site Selection Area or Designated Territory of another franchisee. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

You may, subject to the terms of the Operations Manual, serve any customer base without restriction including customers from outside your designated Territory. You may not sell products or services outside of your Business, including through channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing, without our consent.

We and our affiliates also have the right to operate, and grant franchises or licenses to others to locate, golf simulator businesses and other businesses offering similar services in your Territory under trademarks other than the Proprietary Marks.

You must operate your Business only at the approved location and may not relocate your Business without first obtaining our written consent, which we may withhold for any reason. You must obtain our prior written consent prior to operating the Business outside of your Designated

Territory. You may not develop or operate another Club unless we allow you to enter into a separate Franchise Agreement for that Club.

Under the Franchise Agreement, we retain the right, without compensation to you, to: (1) own, locate and operate, and allow others to own, locate and operate, Clubs using the Marks and the Franchise System, wherever located (outside of your Designated Territory) and on the terms and conditions we deem appropriate; (2) establish and operate, and allow others to establish and operate businesses that may offer products and services which are identical or similar to products and services offered by your Business, under trademarks and commercial symbols that are different than the Marks; (3) use and authorize others to use the Marks and the Franchise System anywhere in the world (other than to locate a physical Club in your Designated Territory), including in connection with the sale of products and services (whether or not identified by the System brand), including through other channels of distribution such as chain, warehouse, club and other stores, the internet (e-commerce), electronic media, and/or any other means of distribution; (4) acquire or be acquired by other businesses, including Competitive Businesses (defined below), and if we are the acquirer, franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (5) allow others to operate a Club at non-traditional locations (recreational space, school/university, etc.) within your Designated Territory; and (6) engage in all other activities not expressly prohibited by the Franchise Agreement.

The Franchise Agreement does not give you any options, rights of first refusal, or similar rights to acquire additional franchises.

Area Development Agreement

The Area Development Agreement grants you the right to acquire franchises to develop, own and operate a specified number of Clubs within the designated Development Area. The boundaries of the Development Area will be described by city boundaries or distance from a fixed point or other boundaries when appropriate, or by an area encompassed within a circle having a radius of a specific length. We will determine the Development Area we will offer to you, in our sole discretion, before you sign the Area Development Agreement. We determine the size of the Development Area based on multiple factors, including demographics, traffic patterns, competition, your capacity to provide services in the Development Area, and site availability among other economic and market factors. The Area Development Agreement expires on the earlier of the date on which the last Club which is required to be opened in order to satisfy the Development Schedule opens for regular business or is required under the Development Schedule to be open. When the Area Development Agreement expires or is terminated, the grant of Area Development rights terminates. When you sign a Franchise Agreement for a territory set forth in your Development Area, your territory for that Club will then be revised pursuant to the current Franchise Agreement. Your right to use the Franchise System will be limited to those Clubs operating under Franchise Agreements you (or an Approved Affiliate) may have entered into before the expiration or termination of the Area Development Agreement.

You will not receive an exclusive territory under the Area Development Agreement. 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 are not required to achieve certain sales volume, market penetration or other contingencies in order to maintain your Development Area, but your failure to comply with the Development Schedule will be a material breach of the Development Agreement, which may result

in our terminating the Development Agreement.

We and our affiliates retain the right, without compensation to you, to: (1) establish, operate and allow others to establish and operate, Clubs using the Marks and the Franchise System, at any location outside the Development Area on the terms and conditions we deem appropriate; (2) establish, operate and allow others to establish and operate any other kind of golf simulator business anywhere in the world, that may offer products and services that may be identical or similar to products and services offered by Clubs, but under trade names, trademarks, service marks and commercial symbols other than the Marks; (3) allow others to operate a Club at non-traditional locations (recreational space, school/university, etc.) within your Development Area, and (4) establish, operate and allow others to establish and operate other businesses and distribution channels (including the Internet), wherever located or operating and regardless of the nature or location of the customers with whom these other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Clubs, and that sell products or services that are identical or similar to, or competitive with, those that Clubs customarily sell. In addition, we specifically retain the right under the Area Development Agreement to (1) acquire the assets or ownership interests of one or more businesses including Competitive Businesses (as defined in Item 17), and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Development Area), (2) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any Competitive Business, even if this business operates, franchises or licenses these businesses in the Development Area, (3) operate or grant a third party the right to operate any Club that we or our designees acquire as a result of an exercise of a right of first refusal or purchase right under a Franchise Agreement, and (4) engage in all other activities not expressly prohibited by the Area Development Agreement.

As of the date of this Disclosure Document, and aside from the foregoing reserved rights, neither we nor any of our affiliates operate or plan to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those the franchisee will sell.

You are not granted under the Area Development Agreement any options, rights of first refusal, or similar rights to acquire additional development rights or to expand your Development Area.

ITEM 13 **TRADEMARKS**

Under the Franchise Agreement, we grant you the non-exclusive right and obligation to use the Marks solely for the purpose of developing and operating your Business.

Our affiliate, GE LLC, has applied for the following trademark on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

<u>MARK</u>	<u>SERIAL NUMBER</u>	<u>FILING DATE</u>	<u>REGISTER</u>
GOLF ENVY	98448528	March 14, 2024	Principal

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Our affiliate, GE LLC, is the owner of the Mark, and has licensed us the right to use, and to sub-license the right to use, the Mark to our System franchisees pursuant to a perpetual, royalty-free Trademark License Agreement entered into on June 25, 2024.

We expect to file all required renewals and affidavits for the Marks listed above.

We do not know of any superior rights or infringing uses that could materially affect your use of the Marks in any state where your Business might be located.

There are no agreements currently in effect which significantly limit our rights to use or license the use of any trademarks, service marks, trade names, logotypes, or other commercial symbols in a manner material to the franchise. There is presently no effective determination of the USPTO, the US Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal trademarks, service marks, trade names, logotypes, or other commercial symbols.

You must use the Marks as we require and may use only the Marks we designate in connection with the operation of your Business. You may not use the Marks in any advertising for the transfer, sale or other disposition of your Business or any interest in the franchise. You are not allowed to use a Mark as part of a corporate name or with modifying words, designs or symbols except with our consent which we may withhold in our absolute discretion. You may not use our Marks in the sale of an unauthorized product or service or in any manner we do not authorize in writing. You may not use the Marks as part of any username, screen name or profile in connection with any social networking sites or blogs, or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

You may not contest, directly or indirectly, our ownership of the Marks, trade secrets, methods and procedures that are a part of the Franchise System. You must not register, seek to register or contest our sole right to register, use and license others to use the Marks, names, information and symbols. Any goodwill associated with Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our and our affiliates' benefit.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You may not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any and all actions we deem appropriate and we have the right to exclusively control any litigation, PTO proceeding or other administrative proceeding related to any Mark. You must execute all

documents, render assistance and do these things as we deem or our counsel deems advisable to protect and maintain our interests. We are not otherwise required to indemnify you with respect to claims arising from your use of the Marks.

We may require you to use new Marks that we deploy in the operation of Clubs, and we may modify or discontinue use of any Mark. You must comply with our instructions in this regard, at your costs, within a reasonable time after notice by us.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights to any patent that is material to the franchise. We do not have any pending patent applications that are material to the franchisee.

Although neither we nor any of our affiliates have registered our copyrights, we or our affiliates claim copyright protection for the Operations Manual and for any other written materials we may develop to assist you in the development and operation of your Business. There are no determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees. No agreements limit our right to use or license the use of our copyrighted materials. We are not obligated to protect or defend our copyrights, although we currently intend to do so. We do not know of any infringing uses of or superior rights in our copyrighted materials.

We and our affiliates possess and may continue to develop certain proprietary and confidential information, including trade secrets, used in the operation of Clubs. This proprietary and confidential information includes know-how and other information regarding business development and operating processes and tools; training and operations materials and manuals, including, the Operations Manual, and any passwords and other digital or other identification used to access these materials; the standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Clubs; market research, promotional, marketing and advertising programs for Clubs; knowledge of specifications for pricing and suppliers of Operating Assets and other products and supplies; any computer software or similar technology which is proprietary to us, our affiliates, or the System, including, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; knowledge of the operating results and financial performance of Clubs; and customer lists, information, and data; and other information that is valuable and treated by us as confidential information.

You and your owners will not acquire any interest in the confidential information other than the right to use it in operating your Business. You must maintain the absolute confidentiality of the confidential information during and after the expiration or termination of the Franchise Agreement. You and your owners can divulge this confidential information only to individuals or entities specifically authorized by us in advance, or to your employees or contractors who must have access to it to operate your Business, however, these individuals or entities must be under a duty of confidentiality no less restrictive than your obligations to us under the Franchise Agreement. We may require you to have your employees and contractors execute individual undertakings and shall have the right to regulate the form of and be a party to or third-party beneficiary under any of these agreements. Neither you nor your owners are permitted to make

unauthorized copies, record or otherwise reproduce the materials or information or make them available to any unauthorized person.

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

Franchise Agreement

While we generally recommend that you personally participate and manage the operations of your Club, you may hire a Designated Manager to manage daily operations with our prior written consent. The Designated Manager must assume responsibilities on a full-time basis and may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitment, or otherwise may conflict with his or her obligations to operate and manage your Business. The Designated Manager is not required to have an equity interest in you. We may require your Designated Manager to personally undertake the same obligations with respect to confidentiality that you are subject to under the Franchise Agreement.

If you are a legal entity, you must designate an individual who we approve to devote a reasonable amount of time to the operation and supervision of your Business and have the authority to deal with us on your behalf in respect of all matters whatsoever which may arise in respect of the Franchise Agreement (your “Designated Representative”). Your Designated Representative must maintain at least 5% ownership of the Franchised Business and have decision-making authority about the Franchised Business. We must approve your Designated Representative, and you must designate a qualified replacement from among your owners if your Designated Representative can no longer fulfill its responsibilities under the Franchise Agreement. Additionally, each of your owners must sign a guaranty of the franchise entity’s obligations under the Franchise Agreement (the form is attached as an exhibit to the Franchise Agreement). Each person signing a guaranty assumes and agrees to discharge all of your obligations under the Franchise Agreement. Your spouse, and if you are not an individual the spouses of each of your owners, must consent in writing to your execution of the guaranty and must acknowledge that the marital assets are at risk. Each person signing the guaranty agrees to be bound to provisions of the agreement applicable to this person.

Your Business must always be under the supervision of one or more persons who have successfully completed our training program. If you fail to comply with this obligation, we may, at our option, immediately appoint a manager to manage the operation of your Business on your behalf. Our appointment of a manager of your Business will not relieve you of your obligations under the Franchise Agreement or constitute a waiver of our right to terminate the franchise. We are not liable for any debts, losses, costs or expenses you incur in the operation of your Business while it is managed by our appointed manager. If we appoint a manager for your Business, you must pay us 10% of Gross Sales, plus costs and expenses, and we may cease to provide these management services at any time.

Area Development Agreement

You must devote an amount of your business time and efforts to the operation, promotion and enhancement of your Business under the Area Development Agreement which is reasonable given your undertakings in the Franchise Agreement(s) and in light of your Business that the Area

Development Agreement contemplates. If you are a corporation, a limited liability company, a general, limited or limited liability partnership, or another form of business entity, you will designate an individual (the “Designated Representative”) who we approve and who: (a) must own at least 25% of the ownership interests in you, (b) devote a reasonable amount of his or her time and efforts to the operation, promotion and enhancement of your Business under the Area Development Agreement, and (c) have the authority to deal with us on your behalf in respect of all matters whatsoever which may arise in respect of the Franchise Agreement. You or the Designated Representative must supervise the development and operations of Clubs franchised under the Area Development Agreement

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all of (and only) the products and services we require, in the manner and style we require. You may offer and sell only those products and services that we approve and expressly authorize in the Operations Manual or otherwise in writing. You must not deviate from the mandatory System Standards without first obtaining our written consent. You must discontinue selling and offering for sale any unapproved products or services. We have the right to change the authorized products and services and their respective standards, specifications and requirements. There is no limit on our right to make these changes. We may periodically set the maximum and minimum price that you may charge for services and products. You must promptly comply with these changes. We do not restrict the customers to whom you may sell approved products and services.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.A in Franchise Agreement	10 years.
	Section 1.B in Area Development Agreement	Term in Area Development Agreement ends on the earlier of the date on which the last Club which is required to be opened in order to satisfy the Development Schedule opens for regular business or is required under the Development Schedule to be open.

b. Renewal or extension of the term	Section 14 in Franchise Agreement Section 1.F in Area Development Agreement	One successive term of 10 years. If you have been in compliance with the Development Schedule and your other obligations under the Area Development Agreement, you will be allowed to extend the term, subject, in each case, to, among other things, our agreeing on a new Development Schedule for the renewal term and payment of a new Development Fee. The length of the extension term will depend on the number of Clubs that you and we agree will be opened during the extension term.
c. Requirements for franchisee to renew or extend	Section 14 in Franchise Agreement Section 1.F in Area Development Agreement	Notice of your election given 180-270 days before the Franchise Agreement expires. No violation of the Franchise Agreement during its expiring term. In full compliance with the Franchise Agreement and all mandatory System Standards at time of election and renewal. You maintain possession of the Premises, or secure substitute premises that we approve and develop those premises according to mandatory System Standards then applicable for Clubs. We must then be granting franchises for Clubs. Payment of renewal fee. Sign our then- current Franchise Agreement which may contain terms and conditions materially different from those in your previous Franchise Agreement (including, for example, different fees). You and your owners sign a general release, in a form approved by us, releasing all claims against us and our affiliates. You must have complied with the Development Schedule and complied with all other obligations; you must give us written notice by the start of the last Development Period; you and we must agree on a new Development Schedule; you must pay a new Development Fee; and you and your owners must sign a general release
d. Termination by franchisee	Section 15.A in Franchise Agreement Not applicable in Area Development Agreement	Only if we materially breach the agreement and do not cure default after notice from you.

e. Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement or Area Development Agreement without cause.
f. Termination by franchisor with cause	Section 15.B in Franchise Agreement AND Section 7.A in Area Development Agreement	Only if you or your owners commit one of several violations. Please be advised that defaults or violations of your Development Agreement, or any other agreement with us, may be grounds for termination of your Franchise Agreement, as further described in (g)-(h) below. Only if you or your owners commit one of several violations. Please be advised that defaults or violations of your Franchise Agreement, or any other agreement with us, may be grounds for termination of your Development Agreement, as further described in (g)-(h) below.
g. "Cause" defined – curable defaults	Section 15.B in Franchise Agreement Section 7.A in Area Development Agreement	Violations of law (72 hours to cure only if no health or safety risks); failure to pay amounts owed to us or our affiliates (10 days to cure); 1st failure to generate the required minimum amount of annual royalties; failure to pay amounts owed to third parties or to cure defaults under other agreements with us or our affiliates, in either case, within applicable cure periods under those agreements; assignment for the benefit of creditors or appointment of a trustee or receiver (30 days to cure); failed quality assurance audits (15 days to cure); operational defaults and other defaults not listed in (h) below (30 days to cure). Under the Area Development Agreement, you have 5 days to cure monetary defaults; 10 days to cure failure to furnish reports, financial statements, tax returns or any other documentation required; and 7 days to cure any failure to observe, perform or comply with any other of the terms of conditions of the Area Development Agreement; and applicable cure period for defaults under Franchise Agreement.

i. Franchisee's obligations on termination/non-renewal	Sections 16.A and 16.E in Franchise Agreement Sections 7.B, 7.C and 7.D in Area Development Agreement	Pay all amounts due within 15 days; cease using the Marks and Franchise System and cease identifying yourself as a Club; cancel all fictitious or assumed name registrations related to the Marks; return all signs and materials containing the Marks and/or allow us to remove these items from your Business; deliver to us all System-branded apparel within 15 days; cease using any confidential information and return written confidential information; make the alterations we specify to distinguish your Business and Premises from a Club; notify telephone company of termination of rights to use telephone number and transfer number to our designee; comply with post-term non-compete and non-solicitation obligations; comply with all other obligations in the Franchise Agreement that survive termination or expiration; and, give us evidence within 30 days of compliance. Under the Area Development Agreement, you must: cease the exercise of development rights and cease identifying yourself as a developer of Clubs; completely de-identify your Business; return the software and other proprietary materials; pay all amounts due to us; comply with post-term non-compete and non-solicitation obligations; and comply with all other obligations in the Area Development Agreement that survive termination or expiration.
j. Assignment of contract by franchisor	Section 13.A in Franchise Agreement AND Section 10.F in Area Development Agreement	No restriction on our right to assign
k. "Transfer" by franchisee-definition	Section 13.B in Franchise Agreement AND Section 6.A in Area Development Agreement	Includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in you, including: any transfer of ownership interests that requires the purchaser be provided a disclosure document, or is a result of divorce, death, insolvency, or by operation of law; merger, consolidation or issuance of additional ownership interests; sale of security convertible to ownership interest; grant of mortgage, pledge, collateral assignment or otherwise creating a lien or encumbrance; and, any other transfer, surrender or loss of possession or control in your Business.
l. Franchisor's approval of transfer by franchisee	Sections 13.B and 13.C in Franchise Agreement AND Section 6.A in Area Development Agreement	All transfers require our prior written approval, which we will not unreasonably withhold or delay; transfers on death or disability require our consent which we will not unreasonably withhold or delay as long as at least one existing owner continues as Designated Representative.

q. Non-competition covenants during the term of the franchise	Section 8 in Franchise Agreement AND Section 5 in Area Development Agreement	Franchisee, its owners and their spouses may not: (a) have any involvement, directly or indirectly, in a “Competitive Business;” (b) divert or attempt to divert any actual or potential business or customer to a Competitive Business; or (c) directly or indirectly, appropriate, use or duplicate the Franchise System or System Standards for use in any other business. “Competitive Business” means (i) any indoor or outdoor golf course business, (ii) any business that sells golf equipment and/or apparel, (iii) any business that offers or sells goods or services that are generally the same as or similar to the goods or services being offered by Clubs, including, without limitation, golf simulator services, and related goods and services, or (iv) any business that grants franchises or licenses to others to operate or provides services to the types of businesses specified in subparagraphs (i-iii) (other than a Club operated under a franchise agreement with us).
r. Non-competition covenants after the franchise is terminated or expires	Section 16.B in Franchise Agreement Section 7.C in Area Development Agreement	For two years following termination or expiration of the Franchise Agreement, neither you nor any of your owners (or their spouses) may have any involvement, directly or indirectly, in a Competitive Business within a 10-mile radius of the Premises, or within a 10- mile radius of any other Club in operation on the later of the effective date of the termination or expiration of the Franchise Agreement or the date on which all restricted persons begin to comply with the non-compete covenant. You may not have any involvement, directly or indirectly, in a Competitive Business for two years in developer’s Development Area, or within a 5-mile radius of any Club in existence or under development at time of termination or expiration of Area Development Agreement.
s. Modification of the agreement	Section 20.A in Franchise Agreement AND Section 10.H in Area Development Agreement	No modifications except in writing and signed by both you and us.
t. Integration/merger clause	Section 20.C in Franchise Agreement AND Section 10.H in Area Development Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable. Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and Area Development Agreement may not be enforceable.

u. Dispute resolution by arbitration or mediation	Section 19.F and 19.I in Franchise Agreement AND Sections 9.A and 9.C in Area Development Agreement	You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters, and if not resolved through mediation, then submitted to arbitration. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.
v. Choice of forum	Section 19.H in Franchise Agreement AND Section 9.B in Area Development Agreement	Subject to the other provisions of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be mediated, arbitrated, or else initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to our then-current headquarters or, if appropriate, the United States District Court for the Southern District of California (subject to state law).
w. Choice of law	Section 19.G in Franchise Agreement AND Section 10.D in Area Development Agreement	The Franchise Agreement is governed by the laws of the state of California, without reference to this state's conflict of laws principles (subject to state law), except for any actions or disputes involving any franchise or business opportunity law must be governed by the law of the state where the Franchised Business is located.

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit H.

ITEM 18

PUBLIC FIGURES

We do not use or employ any public figures as part of our franchise offering.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if:

- (1) a franchisor provides the actual records of an existing outlet you are considering buying; or
- (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our

employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ryan Wines at 981 W. Arrow Hwy #401, San Dimas, California 91773 and (714) 248-6130, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR
YEARS 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned*	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1
Totals	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1

**This outlet is owned and operated by our affiliate.*

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2021 to 2023

State	Year	Number of Transfers
Totals	2021	0
	2022	0
	2023	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2021 to 2023

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

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	0	1
TOTAL	0	0	1

Exhibit H contains a list of the names, addresses and telephone numbers of our franchisees as of December 31, 2023, as well as those who had a franchise agreement terminated, cancelled, or not renewed, or who otherwise voluntarily ceased to do business with us in 2023 and in the 10-weeks before we issued this disclosure document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

During the last three fiscal years, no franchisees have signed confidentiality agreements

restricting their ability to speak openly about their experience with our franchise system. We are not aware of any trademark-specific franchisee organizations associated with our franchise system.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D contains the Company's audited balance sheet dated May 16, 2024. We began offering franchises as of the issuance date of this disclosure document, and therefore do not have, and are not required to provide, audited financial statements for our prior three fiscal years. Our fiscal year end is December 31st.

ITEM 22

CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document:

Exhibit B – Franchise Agreement

Exhibit C – Area Development Agreement

Exhibit F – Franchisee Questionnaire

Exhibit G – Sample General Release

Exhibit I – State Addenda and Agreement Riders

ITEM 23

RECEIPTS

Exhibit K contains detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT “A”

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

California

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

Hawaii

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

Indiana

Secretary of State
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Minnesota

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

Nebraska

Nebraska Department of Banking and Finance
Bureau of Securities
1526 K Street, Suite 300
PO Box 95006
Lincoln, Nebraska 68508

New York

Secretary of State
99 Washington Avenue
Albany NY, 12231

North Dakota

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island

Division of Securities
Department of Business Regulation
John O. Pastore Center, Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920

South Dakota

Director of the Division of Securities
Department of Labor and Regulation
124 S. Euclid Ave., Suite 104
Pierre, South Dakota 57501

Texas

Statutory Documents Section
Secretary of State
P.O. Box 13550
Austin, Texas 78711

Virginia

Clerk of the State Corporation Commission
1st Floor
1300 East Main Street
Richmond, Virginia 23219

Washington

Service of Process:

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

State Administrator:
Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98504-1200

Wisconsin
Administrator
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 5370

EXHIBIT B
FRANCHISE AGREEMENT

GOLF ENVY FRANCHISING, LLC

FRANCHISE AGREEMENT

Franchisee: _____

Date of Agreement: _____

Franchise Address: _____

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GOLF ENVY FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is entered into as of the Effective Date between (i) **GOLF ENVY FRANCHISING, LLC**, a California limited liability company with a principal business address at 981 W Arrow Highway #401, San Dimas, California 91773 (“**we**”), and (ii) _____, a [type of entity] whose address is [address] (“**you**”). The Effective Date is the date we sign this Agreement.

1. PREAMBLES.

We grant franchises to own and operate membership-based indoor golf facilities identified primarily by the name and service mark *Golf Envy* that offer members state-of-the-art golf simulators for playing full rounds of golf, participating in tournament play, and improving members’ skills, and related goods and services (each a “**Golf Envy Club,**” or “**Club**”). Golf Envy Clubs are developed and operated using methods, procedures, specifications, layouts, standards, and techniques to which we and our affiliates claim ownership and which we and our affiliates protect as confidential and proprietary (the “**System**”).

You have applied for a franchise to own and operate a Club, and, in reliance on the information you have provided, we are willing to grant you the franchise on the terms and conditions contained in this Agreement.

2. GRANT OF FRANCHISE.

a. Grant and Term of Franchise.

We grant to you the non-exclusive right and license (the “**Franchise**”), during the Term, to develop, own, and operate a Club at, and only at, the Premises (defined below) identified in Exhibit A or as selected pursuant to Article 3 (your “**Business**”). You accept the right and license and agree to use them strictly in accordance with this Agreement and for no other purpose. The “**Term**” begins on the Effective Date and ends on the close of business on the 10th anniversary of the Effective Date.

We and our affiliates claim ownership of the name and service mark “Golf Envy” and certain other trademarks, service marks, names and commercial symbols that we authorize owners of Clubs to use in the operation of their businesses (collectively, the “**Marks**”). The Franchise includes, and we hereby grant you, the right to use the Marks solely in connection with the operation of your Business as described in this Agreement. Your right to use the Marks is derived only from this Agreement and is conditioned on your operating the Business in strict accordance with this Agreement and all the standards we prescribe from time to time.

b. Exclusivity and Reservation of Rights.

Except as otherwise permitted in this Agreement, we will not, nor will we authorize any other person or entity to, locate a Club within the geographic area identified on Exhibit A (the “**Territory**”). Your Territory may overlap with territory of another System franchisee, but subject to the terms of this Agreement, no other physical Golf Envy Club will be located within your Territory.

We grant rights to use the Marks and System only through written agreement and only as expressly provided in those written agreements. We do not extend rights by implication, inference or innuendo. Therefore, you are not granted any rights unless those rights are expressly granted to you under this Agreement or any other agreement signed by us and you. Similarly, unless we expressly state in this Agreement that we will refrain from doing so, we and our affiliates are not precluded from engaging in any act or enterprise whatsoever, even if it is competitive with your Business. For example, we and our affiliates may, without restriction and without compensation to you, do any of the following:

- i. own, locate and operate, and authorize others to own, locate and operate, Clubs outside your Territory;
- ii. establish and operate, and allow others to establish and operate businesses that may offer products and services which are identical or similar to products and services offered by your Business, under trademarks and commercial symbols that are different than the Marks;
- iii. use and authorize others to use the Marks and the System anywhere in the world (other than to locate a Club in your Territory), including in connection with the sale of products and services (whether or not identified by the Golf Envy brand) through other channels of distribution such as chain, warehouse, club and other stores, the internet (e-commerce), electronic media, and/or any other means of distribution;
- iv. acquire or be acquired by other businesses, including Competitive Businesses (defined in Section 8.A), and if we are the acquirer, franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; and
- v. engage in all other activities not expressly prohibited by this Agreement.

You further agree that, despite the exclusivity granted to you under this Section, we and our affiliates may acquire or be acquired by competitive and other businesses (even if located within your Territory), and convert such businesses to Clubs to be owned and operated by us, our affiliates or our or our affiliates’ licensees.

c. Legal Entities; Personal Guarantees of Owners.

If you are a corporation, limited liability company, or partnership (each, an “**Entity**”), you agree and represent that:

(1) You will, throughout the Term, remain validly existing and in good standing under the laws of the state of your formation and qualified to do business in the state in which your Business is located;

(2) Exhibit A to this Agreement describes all of your owners and their interests in you as of the Effective Date;

(3) You will cause each of your direct and indirect owners and such other persons we designate, and their spouses, to execute a guaranty (“**Guaranty**”) in the form we prescribe undertaking to guaranty your performance and to personally be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of Guaranty is attached as Exhibit C;

(4) You will identify one of your owners, subject to our written approval, to be your designated representative (the “**Designated Representative**”) for dealings between us and you. You will not change or permit a change of the Designated Representative without our prior written consent. The Designated Representative will be authorized, on your behalf, to deal with us in all matters regarding your Business whatsoever. Any decision made by the Designated Representative will be final and binding on you, and we will be entitled to rely solely upon the decision and authority of the Designated Representative in any such dealings without the necessity of any discussions with any other person. We will not be responsible to you for any actions taken based upon any decision or actions of the Designated Representative. If you name more than one Designated Representative, we are entitled to rely on the decision of any one of them, acting alone. You will ensure that the Designated Representative has all authority to interact with us as described in this paragraph.

3. DEVELOPMENT AND OPENING OF YOUR BUSINESS.

a. Site Selection.

We must approve the location for the operation of your Business (the “**Premises**”). If we have not identified the Premises on Exhibit A when this Agreement is executed, then you agree to locate and obtain our approval of a proposed site for your Business within ninety (90) days after the Effective Date. You must provide all information we require regarding your proposed site and obtain our written approval of the proposed site before signing any lease, sublease, or other document for the site (in each case, the “**Lease**”). We may base our approval or disapproval of a site on criteria which may change from time to time in our discretion.

No information or recommendation you receive from us during the site selection and approval process is a representation or warranty of any kind, express or implied, of the site’s suitability for your Business or any other purpose. Our approval of your proposed site indicates only that we believe that the site meets criteria that we have established for our own purposes and is not intended to be relied on by you as an indicator of likely success. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for your site, and demographic or other factors included in or excluded from our criteria could change, even after our approval of the Premises or the development of your Business. You acknowledge that

certain of these criteria are beyond our control, and we are not responsible if a site and premises we approve fail to meet your expectations. Your acceptance of the Franchise and selection of the Premises are based on your own independent investigation of the suitability of the Premises.

In the event you determine to open a temporary “pop-up” location from which you may (i) offer and provide limited services while the Premises is being built out and/or secured and (ii) pre-sell Club memberships (the “Pop-Up Location”), then the parties agree and acknowledge that: (i) we must approve the Pop-Up Location, but such the site of such Pop-Up Location will not satisfy or otherwise modify your obligations under this Section with regards to the actual Premises of the Franchised Business; (ii) you must locate such site within a temporary facility or comparable space, which must be capable of accommodating the operation and regular use of one (1) golf simulator system for demonstration purposes; and (iii) you must ensure that the Pop-Up Location has ceased all operations prior to opening from your approved Premises hereunder.

b. Lease of Premises.

You are not authorized to sign a Lease until we have approved it, in writing. You must obtain our approval of your Lease within 180 days of obtaining our approval of the Premises. Our approval of your proposed Lease requires the entrance of you and your lessor into our Lease Rider, in substantially the same form as that contained in Appendix A to this Agreement, unless we agree to waive that requirement in writing. Additionally, our approval may be conditioned on, among other things, the lessor’s agreement to include certain provisions we require from time to time to protect the System brand and to ensure our ability to facilitate the continued operation of a Club at the Premises despite your default of the lease or the expiration or termination of this Agreement and the exercise of our rights under this Agreement. We may, from time to time, set out a specific form of lease rider in the Manuals (defined below).

Our limited involvement in any lease negotiations, and our review and approval of your Lease are for our sole benefit and the benefit of the System. You may not rely on our limited lease negotiations (if any) or on our review or approval of the Lease for any purpose. We do not guarantee that the terms of the Lease we approve, including rent, will represent the most favorable terms available in that market. You have been advised to obtain the advice of your own professional advisors before you sign the Lease.

c. Development of Your Business.

You are responsible, at your expense, to do everything necessary to develop and prepare your Business for opening in accordance with the requirements of the System, including: (a) obtain and submit to us for approval detailed construction plans and specifications and space plans for your Business that comply with any design specifications provided by us and all applicable ordinances, building codes, permit requirements, and lease requirements and restrictions; (b) obtain all required zoning changes, planning consents, building, utility, sign and business permits and licenses, insurance, and any other consents, permits, licenses and insurance necessary to lawfully open and operate your Business; (c) construct all required improvements in compliance with construction plans and specifications approved by us; (d) decorate your Business in compliance with plans and specifications approved by us; (e) purchase and install (as applicable) the required computer system, golf simulator hardware and software systems, equipment, and other required inventory, furniture, fixtures and signs (collectively the “**Operating Assets**”); and (f) obtain all customary contractors’ sworn statements and lien waivers.

At our request, you will provide to us written evidence to establish that you have the unencumbered funds necessary to develop your Business and the sources of those funds. You authorize us to contact any funding sources directly to discuss all financial aspects of the construction or remodeling of the Premises.

We will designate an approved supplier of construction management services (which may be us, our affiliate(s), or a third party), and you agree and acknowledge that (i) you must use such approved supplier to supervise and provide management services for the construction and buildout of your Club, and (ii) you must pay to such approved supplier a project management fee as set forth in Section 4(d) of this Agreement. You will provide us with any progress reports we request during the course of any design, construction, and remodeling work. We and/or our designees are permitted to visit and inspect the Premises at any time during the design, construction, and remodeling process.

You may use in developing and operating your Business only those Operating Assets we approve as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display at the Premises (interior and exterior) only the signs, emblems, lettering, logos, and display materials we approve from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us or our affiliates).

d. Computer System.

You agree to obtain and use in the operation of your Business the integrated computer hardware and software system, including an integrated point-of-sale system that we designate from time to time and to sublease electronic devices from us, if we so require (collectively, the “**Computer System**”). Although the Computer System must meet our standards and specifications, you have the sole responsibility to ensure that the Computer System functions properly. We bear no liability for any failure of the Computer System’s hardware or software, programming interfaces, internet connectivity or security measures. We may modify specifications for, and components of, the Computer System. Our modification of specifications for the Computer System, and other technological developments or events, might require you to purchase, lease, or license new or modified computer hardware or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement’s term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within 30 days after we advise you of changes to the Computer System, you agree to implement such changes, and if necessary, procure any additional equipment, components, hardware, or software we designate. You must at all times during the term of this Agreement ensure that your Computer System, as modified, meets our System Standards and functions properly.

You must use the e-mail account(s) provided by us or, if we do not provide an e-mail account, maintain a functioning e-mail address and all specified points of high-speed internet connection.

We may require from time to time that you use certain software and technology which is owned or which has been licensed or leased by us or our affiliates. We or our affiliates may condition your use of such software or technology on your signing a software license agreement, sublicense agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license or sublicense to you and for other maintenance and support services that we or our affiliates provide.

e. Financing; Maximum Borrowing Limits; Liquidity.

You must, at all times, maintain sufficient working capital as necessary and appropriate to comply with your obligations under this Agreement. Upon our request, you will provide us with evidence of working capital availability. We reserve the right, from time to time, to establish certain levels of working capital reserves, and you will comply with such requirements. We may from time to time designate the maximum amount of debt that Clubs may service, and you will ensure that you will comply with such limits. Any debt financing used to fund the development of your Business is subject to our prior written approval. While we may allow the Operating Assets to be used as collateral to secure third-party financing, we are not required to, and will not, allow the franchise and license rights to be used as collateral.

f. Business Opening.

You must comply with all of your pre-opening obligations under this Agreement and be ready to open your Business by no later than the first anniversary of the Effective Date. However, you may not open your Business until we notify you in writing that your Business meets our standards and specifications and is approved for opening. You must open the Business for regular operations within five days of our notice that it is approved for opening. Once you have commenced operation of your Business, you must actively and continuously operate the Business during normal business hours (as we may periodically prescribe in the Operations Manual) for the entire duration of the Term.

4. **FEES.**

a. Initial Fee.

You agree to pay us when you sign this Agreement a fully earned and non-refundable initial franchise fee in the amount designated on Exhibit A.

b. Royalty Fee.

You must pay us a royalty fee (the “**Royalty**”) equal to seven percent (7%) of the preceding calendar month’s Gross Sales of your Business (defined in Section 4.D below).

You agree to use your best effort to operate your Business in a manner that generates maximum exposure for the brand and maximum revenue for your Business. Accordingly, you acknowledge and agree that the amount of Royalty that you generate from the operation of your Business during any “**Measurement Period**” will be at least \$12,500 (the “**Minimum Cumulative Royalties**”). Each Measurement Period will be a rolling 12-month period, and the first Measurement Period starts on the 13th month following the opening of your Business. Any

failure to generate the required Minimum Cumulative Royalties in any Measurement Period will be a material default of this Agreement. However, with respect to the first time, and only the first time, you fail to generate the Minimum Cumulative Royalties, you may cure the default by paying to us the difference between the Minimum Cumulative Royalties and the amount we actually received during such Measurement Period. If you elect to pay the shortfall, you must do so not later than 30 days following the end of the applicable Measurement Period. Any subsequent failure to generate the Minimum Cumulative Royalties will not be curable.

c. Definition of “Gross Sales”.

The term “**Gross Sales**” means all revenue that is generated from operating your Business (whether or not in compliance with this Agreement), whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, including any revenue derived from the sublease of any portion of the Premises and any sponsorship revenue received by or allocated to your Business, but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, (2) the amount of any documented refunds, and (3) the amount of any credits and discounts that we approve and that your Business in good faith gives to customers and your employees. We include gift certificate, gift card or similar program payments in Gross Sales at the time of redemption. Gross Sales also include all insurance proceeds you receive to replace revenue that you lose from the interruption of your Business due to a casualty or similar event.

d. Project Management Fee.

You must pay our affiliate supplier or a third-party supplier we designate a project management fee in the amount of eight percent (8%) of the total cost of your Club buildout (exclusive of golf simulator equipment costs, but inclusive of the installation costs for such equipment) (the “Project Management Fee”) in connection with the management services that our approved supplier (which may be us, our affiliate, or a third party) provides with respect to the construction and buildout of your Club. Our or our designee’s project management services include, without limitation, attending an initial kickoff call with you and/or your representative; review of the site; and supervision and oversight of the building plans, floor plans and architectural plans (as defined in Section 5.C below). The Project Management Fee is payable as follows: (i) \$5,000 due and payable to us immediately upon the execution of the lease for your Franchised Business; (ii) \$5,000 due and payable to us immediately upon your order of the golf simulator systems; and (iii) the remainder due and payable to us immediately upon our final approval of the completion of your leasehold improvements. Each portion of the Project Management Fee is deemed fully earned by us on receipt and is not refundable under any circumstances.

e. Opening Support Fee.

When you sign a letter of intent or comparable document for the Premises, you will pay us, in a lump sum, a non-refundable fee of \$20,000 (the “**Opening Support Fee**”). In exchange for the Opening Support Fee, we will provide assistance in your market under Section 5.A and otherwise to support the opening of your Business.

f. Pre-Opening Simulator Package

Prior to opening your Franchised Business, you must purchase a minimum of four (4) golf simulator systems from us, our affiliate or other supplier that we designate that will be used in the operation of the Franchised Business (the “Pre-Opening Simulator Package”). At our option, we may require that the fees paid for the Pre-Opening Simulator Package, as well as any other fees for purchases made from us or our affiliates, be collected through electronic transfer. You must also purchase any and all other items and services necessary to establish, open, and operate the Franchised Business in accordance with our standards and specifications (including the computer hardware and software that we designate).

g. Optional Pop-Up Location Fee

If you elect to open and operate a temporary Pop-Up Location prior to/during the buildout of the Premises of your Franchised Business, you must pay to us or our affiliate a Pop-Location Fee in the amount of between \$10,000 to \$20,000, as we designate, in connection with our approval of and assistance with establishing the site for the Pop-Up Location and commencing operations therefrom.

h. Agreements Regarding Your Payments.

i. You will pay us all amounts that you owe us in the manner we prescribe from time to time. You authorize us to debit your checking, savings or other account automatically for the Royalty, Marketing Fund (as defined in Section 10.B) contributions, and other amounts due to us or our affiliates (the “**EFT Authorization**”). You agree to sign and deliver to us any documents we require for such EFT Authorization. The EFT Authorization shall remain in full force and effect during the Term. We will debit the account you designate for these amounts on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You must ensure that funds are available in your designated account to cover our withdrawals.

ii. Any amounts not paid when due will bear interest accruing from their due date until paid at the lesser of 18% per annum or the highest commercial contract interest rate the law allows. We will charge a service fee of \$100 per occurrence for checks returned to us due to insufficient funds or if there are insufficient funds in the business account you designate to cover our withdrawals. We may debit your bank account automatically for the service charge and interest. This Section does not constitute our agreement to accept payments after they are due.

iii. If you fail to report the Gross Sales of your Club, we may debit your account for an amount equal to 110% of the average of the last three (3) Royalty and Marketing Fund contributions that we debited. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the true and correct Gross Sales), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following month.

iv. Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We and our affiliates may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners.

h. **Non-Compliance Fee.**

For non-compliance with payments of your Royalty or for any non-compliance with the terms of this Agreement, following the third infraction that we notify you of, we will charge and collect a fee of \$1,000. For the fourth infraction for non-compliance and thereafter that we notify you of, we will charge and collect a fee of \$5,000 per infraction. Nothing in this Section 4.g limits any of our other rights and remedies available under the terms of this Agreement. You agree that the non-compliance fee is intended to compensate us for certain expenses or losses we will incur as a result of the non-compliance and is not considered a penalty or an expression of the total amount of such damages. We may change or eliminate this charge in our sole discretion.

5. TRAINING AND ASSISTANCE.

a. **Initial and Refresher Training; Initial Training Fee.**

We will provide you (or your Designated Representative) and your Designated Manager (as defined in Section 9.D) with access to our initial training program on the operation of a Club (the “**Initial Training Program**”) at no additional charge to you. You (or your Designated Representative) and your Designated Manager must complete, to our satisfaction, the Initial Training Program at least three (3) months before you begin operating your Business.

We will provide the Initial Training Program at a training facility we designate which may, at our option, be at your Business. We will determine the scheduling of your Initial Training Program based on facility availability and the projected opening date for your Business and we may combine your Initial Training Program with that of other Golf Envy Club owners and employees. If we determine that you (or your Designated Representative) cannot complete initial training to our satisfaction, we may terminate this Agreement. If we determine that your Designated Manager cannot complete initial training to our satisfaction, you must appoint a new Designated Manager who must complete the Initial Training Program to our satisfaction. We are not responsible for any other costs you and your team incur in attending and participating in the Initial Training Program, including accommodation, travel and living expenses and any applicable wages and other benefits owed to your employees.

If, after completing the Initial Training Program and before you open your Business, you do not request additional training, you are representing to us that you are satisfied that you have been sufficiently trained to operate a Club. Any requested additional training will be provided at our option and on terms and conditions we specify, including payment of our then current additional training fee

We may, as we determine necessary and in our sole discretion, send a trainer or trainers to your Business to assist with its grand opening for a period of time that we determine necessary. If we determine it to be necessary to send our representative(s) to the site to assist with the grand opening of your Business, you will be responsible for all travel and living expenses and related

costs (including salary expenses) we incur in providing such assistance. In any case, the representative(s) we send for this purpose shall have absolute discretion to determine the amount of time and support necessary to prepare your staff for your grand opening.

We may provide and require you (or your Designated Representative), your Designated Manager, and certain of your personnel to attend and satisfactorily complete additional and refresher training courses that we periodically choose to provide at the times and locations that we designate, including courses and programs provided by third parties we designate. Unless you have been cited by us for operational deficiencies, we will not require attendance at more than two (2) such courses, or for more than a total of six (6) full business days, during a calendar year. In addition, you (or your Designated Representative) and your Designated Manager must attend an annual meeting of all Club franchise owners at a location we designate. Attendance at the annual meeting will not be required for more than five (5) full days during any calendar year. You agree to pay all costs to attend, which may include a reasonable registration fee.

If you hire a new Designated Manager during the Term, the new Designated Manager must, at your expense, satisfactorily complete our then-current Initial Training Program. We may charge a reasonable fee for such training.

b. General Guidance.

We may, in our discretion, provide advice and general guidance from time to time regarding various aspects of the operation of your Business. This general advice will typically be based on your reports or our inspections of your Business and may include topics such as standards, specifications, operating procedures, and methods used by Clubs; purchases of required and authorized Operating Assets and other products and services; advertising and marketing materials, techniques and programs; and employee training. Our general guidance may be provided, in our discretion, via telephonic conversations, consultations at our offices or your Business, emails, supplements to manuals, webinars and other internet tools, and other means we determine are appropriate.

c. Operations Manual; System Standards.

We will provide you, solely for your use in the operation of your Business, our manuals for the operation of Clubs (the “**Operations Manual**”), which may include one or more separate manuals as well as computer software, information available on an internet site, other electronic media, or written materials. The Operations Manual may contain both mandatory and recommended specifications, standards, operating procedures and rules that we periodically prescribe (“**System Standards**”) and information on your other obligations under this Agreement. You must implement and comply with all mandatory provisions and will have discretion, as an independent business owner, to implement those that are designated from time to time as recommended.

You acknowledge that the appearance of and operating processes used by Clubs may evolve over time and that, therefore, we may, in our discretion, change the policies and procedures contained in the Operations Manuals throughout the Term. You will immediately adopt all mandatory revisions except that, if we determine that a particular revision either is not, by its nature, required to be made immediately or requires significant expenditures, we will allow a

reasonable time, not to exceed 30 days after you receive notice of the revision, to complete the implementation of such revision.

You agree to keep your copy of the Operations Manual current and in a secure location at your Business. If there is a discrepancy between our copy of the Operations Manual and yours, our copy of the Operations Manual controls. The Operations Manual is part of our Confidential Information (as defined in Section 7) and subject to the protections and restrictions applicable to all other Confidential Information. If we elect to post some or all of the Operations Manual on a restricted website or extranet to which you have access, you agree to monitor and access the website or extranet for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on a website or extranet will be deemed to be part of our Confidential Information.

6. MARKS.

a. Ownership and Goodwill of Marks.

Our affiliate owns the Marks and has authorized us to sublicense them to you. Your right to use the Marks is derived only from this Agreement and is limited to your operating your Business according to this Agreement. Your unauthorized use of the Marks is a breach of this Agreement and will infringe on our and our affiliates' rights in the Marks. Your use of the Marks and any goodwill established by that use are exclusively for our and our affiliates' benefit, and this Agreement does not confer any goodwill or other interests in the Marks upon you other than the right to use them as described in this Agreement. You agree not to, at any time during or after the Term, contest or assist any other person in contesting the validity of our or our affiliates' rights to the Marks.

b. Limitations on Your Use of Marks.

You agree to use the Marks as the sole identification of your Business, and to identify yourself as its independent owner in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a website, (5) in any user name, screen name or profile in connection with any social networking media, other than in accordance with our then-current social media policy, which we may modify periodically, or (6) in any other manner that we have not expressly authorized in writing. You may not use any Mark in advertising the transfer, sale, or other disposition of your Business or an ownership interest in you without our prior written consent. You agree to prominently display the Marks as we prescribe at your Business and only on those forms, advertising, supplies, and other materials we designate. You must give the notices of trademark registrations that we specify and obtain any assumed name registrations required by applicable law. If it becomes advisable at any time, in our sole opinion, for us to require you to modify or discontinue using any Mark or to use and promote one or more additional or substitute trademarks or service marks, you agree to comply, at your expense, with our directions within a reasonable time after receiving notice.

c. Notification of Infringements and Claims.

You agree to notify us immediately of any apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our or our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or U.S. Patent and Trademark Office or other proceeding or otherwise to protect and maintain our and our affiliates interests in the Marks. We will reimburse you for your costs of taking any action that we ask you to take in this regard.

7. **CONFIDENTIAL INFORMATION.**

We and our affiliates possess (and may continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing, operating and promoting Clubs generally, whether or not marked confidential, including (without limitation):

- i. site selection criteria and unit development processes and tools;
- ii. operations materials and manuals, including the Operations Manual;
- iii. the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Clubs;
- iv. market research, promotional, marketing and advertising programs for Clubs;
- v. knowledge of specifications for pricing and suppliers of Operating Assets and other products and supplies;
- vi. any computer software or similar technology which is proprietary to us, our affiliates, or the System, including, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- vii. knowledge of the operating results and financial performance of Clubs; and
- viii. Membership Information (as defined in Section 9.F) and any other customer lists, information, and data.

All Confidential Information furnished to you by us or on our behalf, whether orally or by means of written material (i) shall be deemed proprietary, (ii) shall be held by you in strict

confidence, (iii) shall not be copied, disclosed or revealed to or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance, and (iv) shall not be used in connection with any other business or capacity. You will not acquire any interest in Confidential Information other than the right to use it as we specify in operating your Business during this Agreement's term. You agree to protect the Confidential Information from unauthorized use, access or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care. We may require you to have your employees and contractors execute individual undertakings and shall have the right to regulate the form of and to be a party to or third-party beneficiary under any such agreements. You acknowledge that any form of agreement that we require you to use, provide to you, or regulate the terms of may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any agreement that your employees and contractors sign.

You acknowledge and agree that, as between us and you, we are the sole owner of all right, title, and interest in and to the System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including, assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. If we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 7, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 7 with the same legal force and effect as if executed by you. The obligations of this Section 7 shall survive any expiration or termination of the Agreement.

8. EXCLUSIVE RELATIONSHIP DURING TERM.

Covenants Against Competition. We have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, you, your Affiliates, any of your or their owners, principal officers, or directors, and

the immediate family members of each of the foregoing (each of the foregoing, a “**Restricted Person**”) will not:

- i. have any direct or indirect ownership interest (whether of record, beneficially, or otherwise) in or perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for a Competitive Business (defined below), wherever located or operating, other than having an equity ownership of less than 5% of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange;
- ii. divert or attempt to divert any actual or potential business, sites or customers of your business associated with this Agreement to a Competitive Business; or
- iii. directly or indirectly, appropriate, use or duplicate the Franchise System or any portion thereof for use in any other business or endeavour.

The term “**Competitive Business**” means (i) any indoor or outdoor golf course business, (ii) any business that sells golf equipment and/or apparel, (iii) any business that offers or sells goods or services that are generally the same as or similar to the goods or services being offered by Clubs, including, without limitation, golf simulator services, and related goods and services, or (iv) any business that grants franchises or licenses to others to operate or provides services to the types of businesses specified in subparagraphs (i-iii) (other than a Club operated under a franchise agreement with us).

9. BUSINESS OPERATIONS AND SYSTEM STANDARDS.

a. Condition and Appearance of Your Business.

You must at all times maintain the condition and appearance of your Business, its Operating Assets and the Premises in accordance with all mandatory System Standards and consistent with the image of Clubs. You must offer only high quality products and services and observe the highest standards of cleanliness and efficient, courteous service, including thoroughly cleaning, repainting, redecorating and repairing the interior and exterior of the Premises as needed or at intervals that we prescribe, and repairing or replacing worn-out or obsolete Operating Assets at intervals that we may prescribe or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced or as necessary to comply with mandatory System Standards.

In addition, we reserve the right to require you, at your own expense, to completely refurbish, remodel, redecorate and effect such necessary structural changes to the Premises when reasonably required by us in order to comply with the image, standards of operation, and performance capability we establish from time to time. If we change our image or standards of operation, we shall give you a reasonable period of time within which to comply with such changes.

b. Authorized Products and Services.

You must offer and sell from your Business all of the products and services that we periodically specify, and you may not offer or sell at your Business, the Premises or any other location any products or services we have not authorized. You must discontinue selling and offering for sale any products or services that we at any time disapprove. If you want to offer or use any services, products, materials, forms, items, or supplies in connection with or for sale through your Business that are not approved by us, you must first request and obtain our written approval. We may withhold such approval for any reason at our sole discretion; however, in order to evaluate your request, we may require that you or the vendor submit specifications, information, or samples, and we may require you to reimburse us the costs we incur in evaluating your request. We will advise you within a reasonable time whether we approve your request. Despite our initial approval, we may, at any time and in our sole discretion, revoke our approval, and, in that case, you must stop using or selling the particular products or services.

c. Requirement to Use Approved Vendors.

We reserve the right to require that you use, and you agree to use, only those suppliers, manufacturers, vendors, distributors, and producers (collectively, the “**Vendors**”) that we approve, designate or authorize to provide goods and services sold from, used in or relating to the operation of your Business from time to time. Our approval may, in our discretion, include approval of the price, terms, conditions and distribution methods under which the Vendors will sell or provide products and services to your Business. We may, in some cases, approve only one Vendor for certain products or services. We may, at our option, arrange with designated vendors to collect or have our affiliates collect fees and expenses associated with products and services they provide to you and, in turn, pay the vendor on your behalf for such products or services. If we elect to do so, you agree that we or our affiliates may auto debit your bank account for such amounts in the same manner and using the same authorization that you grant us with respect to payment of Royalty and other fees.

We and our affiliates may be an approved or the sole approved Vendor of any product or service. We and our affiliates, as approved Vendors, may derive revenue or profit from transactions with you and other Clubs and use such revenue or profit without restriction. We and our affiliates may also receive discounts, rebates, bonus payments, and other benefits (including in the form of cash, like-kind or credit) from approved Vendors as compensation for our approval and in connection with their transactions with you.

If you desire to conduct business with any Vendor who is not then approved by us, you must first request and obtain our written approval of the Vendor which we may grant, withhold or condition in our sole discretion. We may require that you reimburse the expenses we incur in connection with our evaluation of a Vendor. Despite our initial approval of a Vendor, we may, at any time and in our sole discretion, revoke our approval, and, in that case, you must stop using or purchasing from the particular Vendor.

d. Management of Your Business.

Your Business must always be under the supervision of one or more persons who have completed our Initial Training Program. If you (or your Designated Representative) are not supervising your Business on a full-time basis, you must appoint an individual (a “**Designated**

Manager”) to do so. Your Designated Manager must work full-time at your Business, supervise the management and day-to-day operations of your Business, and continuously exert best efforts to promote and enhance your Business and the goodwill associated with the Marks. The Designated Manager is subject to our approval, which approval will not be unreasonably withheld.

e. Compliance with Laws and Good Business Practices.

You must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the operation of your Business and operate your Business in full compliance with all applicable laws, ordinances, regulations, and Executive Orders (collectively, “**Laws**”). You are solely responsible for ascertaining which Laws are applicable to your Business and what actions you must take in order to comply with all such Laws. Where our compliance with applicable Laws is dependent on or a function of the operation of your Business, you also agree to assist us, as we request, in our compliance efforts. You agree not to enter into any transactions prohibited by any Laws and to properly perform any currency reporting and other activities relating to your Business as may be required by us or under applicable Laws. You represent and confirm that you are not listed in the Annex to Executive Order 13224 regarding anti-terrorism (currently available at <http://www.treasury.gov>) and agree not to hire or deal with any person listed.

Your Business must in all dealings with its customers, suppliers, us, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You agree to refrain from any business or advertising practice which might injure your Business, our business or the goodwill associated with the Marks or other Clubs. You must notify us in writing within three business days of: (1) the commencement of any action, suit or proceeding relating to your Business; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Business; (3) any notice of violation of any Law relating to your Business; (4) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a client or potential client relating to your Business; and (5) written complaints from any customer or potential customer. You must immediately provide us with copies of any documentation you receive of events in (1) through (5) above and resolve the matter in a prompt and reasonable manner in accordance with good business practices.

f. Membership Program.

You will offer and sell rights of access to your Business, referred to as a “**Membership**,” as we require from time to time. All Memberships must be evidenced by a written agreement (a “**Membership Agreement**”) and may not be for a term that extends beyond the expiration of this Agreement. We reserve the right to provide you a form of Membership Agreement, and if we do so, you will use the form of Membership Agreement that we provide to you, and you will not make any modifications in the forms without our prior written consent. Notwithstanding the foregoing, you acknowledge that you are responsible for ensuring that the Membership Agreements comply with all applicable laws, including but not limited to the laws of the state in which your Business is located. If such laws require that you modify the Membership Agreements, you may do so only to the extent necessary to comply with such applicable laws, provided that you provide us with immediate written notice of all such modifications. Any Membership Agreement that has been

modified without our consent shall be void. We may modify the types and terms of Memberships to be offered, terminate your right to offer certain types of Memberships, and/or approve or require other types of Memberships for sale.

You will only offer Memberships in strict compliance with mandatory System Standards and our standards, policies and procedures. If we authorize you to sell Memberships, you will nevertheless be responsible for determining that you may do so under all laws and regulations applicable to your Business and you agree that you will fully comply with all such laws and regulations. We may suspend, revoke or terminate your right to offer Memberships at any time.

You agree to comply with the mandatory System Standards we establish from time to time regarding Memberships. These System Standards may regulate, among others, the following topics: (1) the types and terms of Memberships you may offer; (2) the form(s) of Membership Agreement; (3) the terms and conditions upon which a member may transfer his Membership from your Business to another Club and vice versa; (4) admission of members of your Business to other Clubs; (5) procedures to follow when members transfer to or from your Business; (6) use and acceptance of coupons, passes, certificates, and gift cards; (7) group accounts and group Memberships (and discounts applicable thereto); (8) payment terms for Memberships; and (9) participation in quality assurance and customer satisfaction programs.

You agree, upon notice from us, to accept any Memberships we assign to you, and, if we so require, to honor those Memberships on the terms and conditions of the existing Membership Agreement, and to accept as remuneration only such payments as accrue pursuant to the applicable Membership Agreement from the time of assignment.

You agree that we and our affiliates own all Membership Information (defined below), that it comprises part of the Confidential Information which you are licensed to use under this Agreement, and that we and our affiliates may use Membership Information in our and their business activities and may disclose Membership Information (such as the number of members), but during the term of this Agreement we will not publicly disclose any Membership Information unless we make such public disclosure without disclosing your identity or your Business' specific Membership Information on an individual (i.e., unconsolidated) basis. We may contact any member(s) of any Club at any time for any purpose. Upon expiration or termination of this Agreement, we reserve the right to make any and all disclosures that we deem necessary or appropriate. **"Membership Information"** refers to the name, address, telephone number, email address, member identification number, birthday, member usage history, and other personal information of the members of your Club.

We reserve the right to establish a reciprocity program between your Business and other Clubs. You must comply with all standards and requirements of any reciprocity program as we may implement and periodically modify.

g. Insurance.

During the Term you must maintain in force at your sole expense all insurance required by applicable Laws and such comprehensive business owner's coverage providing the types of protections and minimum coverage amounts we prescribe from time to time in the Operations Manual or otherwise in writing. We may from time to time increase the amounts of coverage required under these insurance policies or require different or additional insurance coverages

(including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Each liability coverage insurance policy must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and must provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. We may require that certain of your policies provide for a waiver of subrogation in favor of us or our designees. You routinely must furnish us copies of your Certificate of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Business's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Business that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

Your obligation to maintain insurance coverage will not be limited in any respect by reason of insurance maintained by us or any other party. Additionally, no insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations to us or affiliates under Section 17.C or otherwise.

h. Pricing.

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by your Business. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

i. Business Telephone Numbers, Listings and Social Media Accounts.

You agree that, as between us and you, we have the sole rights to all telephone numbers, facsimile numbers, directory listings, Internet addresses and social media accounts that you use in the operation or promotion of your Business (collectively, the "**Contact Information**"). The Contact Information may be used only for your Business and for no other purpose. Upon the expiration or termination of this Agreement, you will stop using the Contact Information and execute all documents required by the telephone service providers and website domain hosts to

transfer them to us or our designee. You will also take all necessary action to transfer the social media websites, or provide access to and control of the social media websites, to us. You will, upon execution of this Agreement, also execute the Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Addresses which is attached hereto as Exhibit B.

j. Compliance with System Standards.

You have sole responsibility for the management and operation of your Business and acknowledge that operating and maintaining your Business according to our mandatory System Standards are essential to preserve the goodwill of the Marks and the goodwill of all Clubs. Therefore, you agree at all times to operate and maintain your Business according to each and every System Standard (except those that we designate from time to time as recommended), as we modify and supplement them from time to time, whether in the Operations Manual or otherwise in writing. System Standards may regulate any aspect of the operation and maintenance of your Business, including any one or more of the following:

- i. sales, marketing, advertising and promotional programs, materials and media;
- ii. dress and appearance of your employees;
- iii. use and display of the Marks;
- iv. days and hours of operation;
- v. methods of payment that your Business may accept from customers;
- vi. participation in market research and testing and product and service development programs;
- vii. terms of gift card and loyalty programs;
- viii. terms of Membership Agreements;
- ix. bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us of sales, revenue, and financial performance and condition;
- x. types, amounts, terms and conditions of insurance coverage required for your Business, including criteria for your insurance carriers;
- xi. types and quantity of equipment and other items used in the operation of the Business (including the golf simulator hardware and software systems and the Computer System);
- x.ii. the types of services that are provided at your Club, including the quantity and types of tournaments and other events offered by your Club;
- xii. pricing information and requirements; and
- xiii. any other aspects of operating and maintaining your Business that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Clubs.

System Standards may be incorporated from time to time in the Operations Manual. Our periodic modification of the System Standards, which may accommodate regional or local variations, may obligate you to invest additional capital in your Business and incur higher operating costs.

k. Non-Disparagement.

You agree not to (and to use your best efforts to cause your current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' owners, directors, officers, employees, representatives or affiliates, the System brand, the Franchise System, any Club, any business using the Marks, or which would subject us or the System to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of the Marks.

l. Protection of Personally Identifiable Information.

You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“**Personal Information**”) in accordance with applicable Laws and industry best practices. It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately of the breach or unauthorized access, and specify the extent to which Personal Information was compromised or disclosed, and your plans to correct and prevent any further breach or unauthorized access. You will allow us, in our discretion, to participate in any response or corrective action.

10. **MARKETING.**

a. Membership Pre-Sales; Pre-Sales Opening Advertising.

Prior to and in connection with the opening of your Business, you must begin pre-selling Memberships and promoting the opening. We will then assist you in establishing an initial local marketing plan, commencing pre-opening sales of Memberships, and establishing a pre-sales opening campaign. We may also, at our sole discretion, provide a team consisting of the number of people we determine appropriate, for a period of time we determine necessary, around the opening of your Business.

The pre-sales opening advertising program for your Business must be approved by us and must take place on the dates we designate before and after your Business opens. You agree to conduct your pre-sales opening advertising program in compliance with all of our requirements, which may include a minimum amount that we require you to spend on such program. In conducting the pre-sales opening program, you must use only our approved media, materials,

programs and strategies, which may include the requirement to retain the services of a public relations firm. A portion of the Opening Support Fee covers our cost to assist you with pre-sales opening advertising, including set-up of your Business' branded website, third party-provided public relations support, and access to our template marketing materials. However, you will be solely responsible for all of your costs and expenses incurred in conducting such advertising, for example the cost of purchasing direct mail advertisements and banners.

b. Marketing Fund.

We have established a marketing fund to promote the Marks, patronage of Clubs, and the brand generally (the “**Marketing Fund**”). We require you to contribute \$300 each month to the Marketing Fund. We reserve the right to modify the amount of your required contributions, up to 2% of the Gross Sales of your Business, in our discretion. Contributions to the Marketing Fund will be payable in the same manner as the Royalty unless we specify otherwise.

We or our affiliates or other designees will direct all programs and activities of the Marketing Fund, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund may pay for all activities in which it engages, including preparing and producing photography, video, audio, and written materials and electronic media; developing, implementing, and maintaining a System Website and related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing print and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or next generations of any such devices; administering search engine, social media and other online marketing campaigns; designing apparel; developing sales tools; supporting public relations, market research, event marketing, and other advertising, promotion, and marketing activities; providing customer service support; coordinating and managing events, appearances, content procurement and other public relations activities; and hosting and sponsoring brand development events. The Marketing Fund will give you a sample of advertising, marketing, and promotional formats and materials at no cost.

We will account for the Marketing Fund separately from our other funds. We will not use Marketing Fund contributions for any of our general operating expenses, but we may reimburse ourselves or pay our affiliates or other designees from the Marketing Fund for the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses incurred in activities reasonably related to administering or directing the Marketing Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Marketing Fund contributions.

We do not owe any fiduciary obligation to you for administering the Marketing Fund or for any other reason. We will hold all Marketing Fund contributions for the benefit of the contributors and use contributions for the purposes described in this Section 10.B. The Marketing Fund may spend in any fiscal year more or less than the total contributions received in that year,

borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on the Marketing Fund contributions to pay costs before using the Marketing Fund's other assets. We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you the statement upon reasonable written request. We may, but are not obligated to, have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor will have all of the rights and duties specified in this Section 10.B.

We intend for the Marketing Fund to promote recognition of the applicable Marks and patronage of Clubs generally. Although we will try to use the Marketing Fund to host and sponsor brand development events, to develop advertising and marketing materials and programs, and to place advertising and marketing that will benefit all Clubs contributing to the Marketing Fund, we need not ensure that the Marketing Fund's expenditures in or affecting any geographic area are proportionate or equivalent to contributions by Clubs operating in that geographic area or that any Club benefits directly or in proportion to its contribution from hosting and sponsoring of brand development events, the development of advertising and marketing materials or the placement of advertising and marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section 10.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of a franchise owner and, upon 30 days' prior notice to you, reduce or suspend contributions to the Marketing Fund and its operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will spend all remaining monies in the Marketing Fund in our sole discretion.

c. Local Marketing Expenditures.

In addition to your obligations under Sections 10.A and 10.B above, you agree to take necessary actions to promote your Business, including listing and advertising your Business as set forth in the Operations Manual. We may require you to participate in and to pay your share of a collective advertisement with other Clubs in your area. You are also required to spend money to promote your Business locally. You must meet the minimum monthly spending requirement we impose (currently, a minimum of \$3,000 per month) to advertise and promote your Business (this may include costs of approved directory listings, local internet advertising and strategic social media campaigns). Within 30 days after the end of each calendar quarter, you agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion during the preceding calendar quarter. Your local advertising and promotion must follow our guidelines. It must be completely clear, factual, and not misleading and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. At least 30 days before you intend to use them, you must send us

for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 15 days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them unless and until, in our discretion, we withdraw our approval.

d. Local Advertising Cooperative.

Subject to the terms and conditions of this Section 10.D, you agree that we or our affiliates or designees may establish or direct the establishment of a local advertising cooperative (“**Local Advertising Cooperative**”) in geographical areas (as determined by us) in which two or more Clubs are operating. The Local Advertising Cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine in advance. We may change, dissolve and merge Local Advertising Cooperatives. Each Local Advertising Cooperative’s purpose is, with our approval, to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers. If, as of the time you sign this Agreement, we have established a Local Advertising Cooperative for the geographic area in which your Club is located, or if we establish a Local Advertising Cooperative in that area during this Agreement’s term, you agree to sign the documents we require to become a member of the Local Advertising Cooperative and to participate in the Local Advertising Cooperative as those documents require.

If we establish a Local Advertising Cooperative in your geographic area pursuant to this Section 10.D, you agree to contribute your share to such Local Advertising Cooperative, which amount will not exceed one and one-half percent (1.5%) of the Gross Sales unless the members approve a higher percentage in accordance with the bylaws adopted by the Local Advertising Cooperative. We reserve the right to collect your Local Advertising Cooperative contribution on behalf of the Local Advertising Cooperative, in which case your Local Advertising Cooperative contribution is payable in the same manner as the Royalty.

Each Club contributing to a Local Advertising Cooperative will have one vote on matters involving the activities of the particular Local Advertising Cooperative. The Local Advertising Cooperative may not use any advertising, marketing or promotional plans or materials without our prior written consent. We agree to assist in the formulation of marketing plans and programs, which will be implemented under the direction of the Local Advertising Cooperative. You acknowledge and agree that, subject to our approval and subject to availability of funds, the Local Advertising Cooperative will have sole discretion over the creative concepts, materials and endorsements used by it. You agree that the Local Advertising Cooperative assessments may be used to pay the costs of preparing and producing video, audio and written advertising and direct sales materials for Clubs in your geographic area; purchasing direct mail and other media advertising for Clubs in that geographic area; and implementing direct sales programs, and employing marketing, advertising and public relations firms to assist with the development and administration of marketing programs for Clubs in such area.

The monies collected by us on behalf of a Local Advertising Cooperative will be accounted for separately by us from our other funds and will not be used to defray any of our general operating expenses. You agree to submit to us and the Local Advertising Cooperative any reports that we or the Local Advertising Cooperative requires.

You understand and acknowledge that your Club might not benefit directly or in proportion to its contribution to the Local Advertising Cooperative from the development and placement of advertising and the development of marketing materials. Local Advertising Cooperatives for Clubs will be developed separately and no cooperative will be intended to benefit the others. We will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect amounts owed to the Local Advertising Cooperative on behalf of and at the expense of the Local Advertising Cooperative and to forgive, waive, settle and compromise all claims by or against the Local Advertising Cooperative. Except as expressly provided in this Section 10.D, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Local Advertising Cooperative.

e. System Website.

We have established and may from time-to-time update and modify a website to advertise, market, and promote Clubs, the products and services that they offer and sell, or the franchise opportunity (a “**System Website**”). We will maintain the System Website in our discretion and may use the Marketing Fund’s assets to develop, maintain, and update the System Website. We have final approval rights over all information on the System Website.

We may, but are not obligated to, provide you with a webpage on the System Website that references your Business. If we provide you with a webpage on the System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) pay our then current initial fee and monthly maintenance fee for the webpage. We will own all intellectual property and other rights in the System Website, including your webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of “hits” by visitors, and any personal or business data that visitors supply). We may suspend or remove your webpage if you are not in full compliance with this Agreement and will permanently remove it from the System Website upon expiration or termination of this Agreement.

All advertising, marketing, and promotional materials that you develop for your Business must contain notices of the System Website’s domain name in the manner we designate. You may not develop, maintain, or authorize any other website that mentions or describes you or your Business or displays any of the Marks. However, you may develop and maintain social media accounts that we approve under our then-current social media policy, which we may modify periodically.

11. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

You must establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time in the Operations Manual or otherwise in writing. We may require you to use the Computer System to maintain certain sales data and other information. We may also require you to use a third party approved by us for accounting and bookkeeping services. You agree to give us such information regarding the operation of your Business that we require from time to time, including:

- i. on or before the 5th day of each accounting period specified by us from time to time (each an “**Accounting Period**”), a report on the Gross Sales of your Business during the preceding Accounting Period;
- ii. within 30 days after the end of each accounting month specified by us from time to time (each an “**Accounting Month**”), the operating statements, financial statements, statistical reports, purchase records, and other information we request regarding you and your Business covering the previous Accounting Month and the fiscal year to date;
- iii. within 90 days after the end of each fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for your Business as of the end of that fiscal year, prepared in accordance with generally accepted accounting principles or, at our option, international accounting standards and principles, and prepared by a certified accountant on a consistent basis. We reserve the right to require that you have these financial statements and the financial statements of any prior fiscal years audited by an independent accounting firm designated by us in writing;
- iv. within 10 days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to your Business or any of your owners (if you are an Entity); and
- v. by January 15, April 15, July 15 and October 15 of each calendar year, reports on the status (including the outstanding balance, then-current payment amounts, and whether such loan is in good standing) of any loans outstanding as of the previous calendar quarter for which your Business or any of your Business’s equipment is collateral. You must also deliver to us, within five days after your receipt, copies of any default notices you receive from any of such lenders. You agree that we or our affiliates may contact your banks, other lenders, and vendors to obtain information regarding the status of loans of the type described herein and your accounts (including payment histories and any defaults), and you hereby authorize your bank, other lenders, and vendors to provide such information to us and our affiliates.

You must certify each report and financial statement you provide to us in the manner we prescribe. We may disclose data derived from these reports. Moreover, we may, as often as we deem appropriate (including on a daily basis), access the Computer System and retrieve all information relating to the operation of your Business. You agree to preserve and maintain all records in a secure location at your Business for at least six years (including sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers).

12. INSPECTIONS AND AUDITS.

a. Our Right to Inspect Your Business.

We and our representatives, may at all times and without prior notice to you, inspect, photograph, observe and videotape your Business; remove samples of any products and supplies; interview your personnel and customers; and inspect and copy any books, records, and documents relating to the operation of your Business. You agree to fully cooperate with us. If we exercise any of these rights, we will not interfere unreasonably with the operation of your Business. You agree to present to your customers the evaluation forms that we periodically prescribe and to participate and request your customers to participate in any surveys performed by or for us.

b. Our Right to Audit.

We and our designated representatives may at any time during your business hours, and without prior notice to you, examine all records pertaining to your Business, including bookkeeping, and accounting records for your Business, and sales and income tax records and returns, and other records. You agree to cooperate fully with us. If any examination discloses an understatement of the Gross Sales, you must pay us, within 15 days after receiving the examination report, the Royalty and Marketing Fund contributions due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals a Gross Sales understatement exceeding three percent (3%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our and our representatives' employees. These remedies are in addition to our other remedies and rights under this Agreement.

13. TRANSFER.

a. By Us.

You have not signed this Agreement in reliance on any particular manager, owner, director, officer, or employee remaining with us in any capacity. We may change our ownership or form or assign this Agreement and any other agreement to a third party without restriction. We may also delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

b. By You.

We have granted you the Franchise based on your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. The rights and duties under this Agreement are personal to you (or to your owners if you are an Entity). You may not transfer this Agreement or your Business or allow transfers of direct or indirect ownership interests in you without our prior written approval. You will also not enter into any proposed mortgage, pledge, hypothecation, encumbrance or giving of a security interest in or which affects this Agreement or, without our prior written approval, your Business.

The term “**transfer**” includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in you and includes:

- i. the transfer or the offer of any such interest in you by means of a private sale, a public offering or a private offering which requires that the prospective purchaser be provided a disclosure document, a divorce, a disposition on or resulting from death, an insolvency or dissolution proceeding, or otherwise by operation of law;
- ii. a merger or consolidation or issuance of additional securities or other forms of ownership interest;
- iii. any sale of a security convertible to an ownership interest;
- iv. the grant of a mortgage, pledge, collateral assignment or other transaction designed to create a lien or other encumbrance, and a transfer which results therefrom; and
- v. any other transfer, surrender, or loss of the possession, control, or management of your Business.

If you intend to list your Business for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of your Business or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of your Business or of any ownership interest in you without our prior written approval of such materials.

c. Conditions for Approval of Transfer.

If you are in full compliance with this Agreement, then, subject to the other provisions of this Section 13, we will not unreasonably withhold our consent to a proposed transfer. You agree that we may condition our approval on satisfaction of one or more requirements before or concurrently with the effective date of the transfer, which may include the following:

- i. You submit a written request seeking our consent and providing us all information or documents we reasonably request about the transferee and its owners so that we may evaluate their ability to satisfy their respective obligations under our then-current form of franchise agreement and any documents ancillary thereto, and each such person must have completed and satisfied all of our application and certification requirements;
- ii. no amounts owed to us, our affiliates, and third-party vendors are past-due, and all required reports and statements have been submitted;
- iii. you are not in violation of any provision of this Agreement, the Lease, or any other agreement with us;
- iv. your Business is being operated in compliance with the System Standards and all Operating Assets are in place and in good working order;

- v. we determine that the transferee is able to comply with all applicable obligations under this Agreement, including restrictions on Competitive Business(es);
- vi. the transferee and its Designated Manager satisfactorily complete our Initial Training Program;
- vii. the Lease is properly and appropriately transferred;
- viii. if the transfer is of this Agreement or of Control of you, you or the transferee agree to upgrade, remodel, and refurbish your Business in accordance with our current requirements and specifications for Clubs within 90 after the effective date of the transfer;
- ix. the transferee, at our request, signs our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;
- x. unless the transfer is of ownership interests among one or more of the owners listed on Exhibit A, you pay us a transfer fee of \$10,000, plus the cost of any brokers' fees and/or commissions and other third-party fees, if and as applicable;
- xi. you (and your owners) and the transferee and its owners (if the transferee is already an owner of one or more Clubs) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, and agents; and
- xii. you have provided us executed versions of any documents executed by you (or your owners) and transferee (and its owners) to effect the transfer, and all other information we request about the proposed transfer, and we determine that the financial terms of the transfer (including the purchase price, amount of debt and payment terms, and collateral granted) will not unduly burden your Business or jeopardize our rights under this Agreement.

We may review all information regarding your Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Business.

Our approval of a transfer of ownership interests in you as a result of the death or incapacity of the proposed transferor will not be unreasonably withheld or delayed so long as at least one of the owners designated on Exhibit A continues to qualify and be designated as the Designated Representative. If, as a result of the death or incapacity of the transferor, a transfer is proposed to be made to the transferor's spouse, and if we do not approve the transfer, the trustee or administrator of the transferor's estate will have nine (9) months after our refusal to consent to the transfer to the transferor's spouse within which to transfer the transferor's interests to another party whom we approve in accordance with this Section 13.C.

d. Transfer to a Wholly- Owned Corporation or Limited Liability Company.

If you do not originally sign this Agreement as an Entity, we will permit you to transfer the Agreement to an Entity of which you are the sole owner. Any such proposed transfer will be subject to the conditions described in Section 13.C, except that we will not require payment of a transfer fee as described in Section 13.C(8), and our right of first refusal under Section 13.F will not apply. You agree to remain personally, jointly and severally liable, as guarantor, under this Agreement following the transfer to the Entity, and you agree that we may require you and your spouse, if applicable, to execute a personal guaranty in the form we prescribe contemporaneously with the effective transfer to the Entity.

e. Effect of Consent to Transfer.

Our consent to a transfer of this Agreement and your Business, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Business or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with this Agreement.

f. Our Right of First Refusal.

For any proposed transfer (except to a wholly owned Entity), you or the other transferors must obtain a bona fide, executed written offer from a responsible and fully disclosed buyer, relating exclusively to an interest in you or in this Agreement and your Business (an "Offer"). The Offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. The proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to at least five percent (5%) or more of the offering price. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered within 30 days after we receive both an exact copy of the Offer and all other information we request, elect to purchase the interests described in the Offer on the terms and conditions contained in the Offer, except that we may substitute cash for any non-cash term; our credit will be deemed equal to the credit of any proposed buyer; we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and we must receive all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including representations and warranties regarding ownership and condition of and title to ownership interests or assets, liens and encumbrances relating to ownership interests or assets; and validity of contracts and the liabilities, contingent or otherwise, of the seller.

If we do not exercise our right of first refusal, you may complete the transfer to the proposed buyer on the terms described in the original Offer, but subject to our right to consent as described in Sections 13.B and 13.C. However, if you do not complete the sale to the proposed buyer within 60 days after our final rejection of or our failure to exercise our right of first refusal or if there is a material change in the terms of the transfer (which you agree to inform us of promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material

change(s) in the terms of the transfer, either on the terms originally offered or the modified terms, at our or our designee's option.

14. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

When this Agreement expires, you may acquire a successor franchise to operate your Business for one additional term of ten (10) years if:

- i. there has been no violation of this Agreement during its Term;
- ii. you are in full compliance with this Agreement and all mandatory System Standards (including with respect to the obligation to remodel and refurbish), both on the date you give us written notice of your election to acquire a successor franchise (as provided below) and on the date on which the term of the successor franchise would commence;
- iii. you maintain possession of the Premises or, at your option, secure substitute premises that we approve, and you develop those premises according to the mandatory System Standards then applicable for Clubs; and
- iv. we are then granting franchises for Clubs.

You must give us written notice of your election to acquire a successor franchise no more than 270 days and no less than 180 days before this Agreement expires. We will give you written notice (“**Our Notice**”), not more than 90 days after we receive your notice, of our decision whether to grant you a successor franchise, including a description of any existing deficiencies that must be corrected as a condition of receiving the successor franchise.

If we grant you a successor franchise, you and your owners must, prior to expiration of the Term, sign the franchise agreement we then use to grant franchises for Clubs (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement, and sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, agents, successors, and assigns. We will waive the initial franchise fee under the new agreement, but you must pay a renewal fee equal to fifty percent (50%) of our then-current initial franchise fee.

15. TERMINATION OF AGREEMENT.

- a. By Us.

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- i. you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise or operating your Business;
- ii. you do not locate an acceptable site for the Premises within 90 days after the Effective Date;

- iii. you do not sign a Lease for the Premises within 180 days after obtaining our approval of the site of the Premises;
- iv. you do not open your Business within the deadline set forth in Section 3.F;
- v. we determine that you (or your Designated Representative) or your Designated Manager are not capable or qualified to satisfactorily complete initial training;
- vi. you (i) close your Business for business or inform us of your intention to cease operation of your Business, (ii) fail to actively operate your Business for three or more consecutive days, or (iii) otherwise abandon, or take any action or fail to take any action that evidences an intent to abandon your rights under this Agreement;
- vii. you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest or guilty to, a felony; or you (or any of your owners) engage in any conduct which, in our opinion, adversely affects the reputation of your Business, the franchise System, or the goodwill associated with the Marks;
- viii. you or any of your owners violate the restrictions in this Agreement on transfer, use and disclosure of Confidential Information or on Competitive Businesses;
- ix. you lose the right to occupy the Premises;
- x. you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of your Business and fail to correct such violation within 72 hours after you receive notice from us or any other party, regardless of any longer period of time that any governmental authority or agency may have given you to cure such violation, or you create or allow to exist any condition in or at the Premises or in connection with the operation of our Business which we reasonably determine to present a health or safety concern for customers or employees;
- xi. you fail to pay us or our affiliates any amounts due and do not correct the failure within 10 days after written notice of that failure has been delivered or fail to pay any third-party obligations owed in connection with your ownership or operation of your Business (including your landlord, Vendors and other creditors) and do not correct such failure within any cure periods permitted by the person or Entity to whom such obligations are owed;
- xii. you fail to generate and pay the Minimum Royalty (subject to your right to cure the first failure);
- xiii. you fail to pay when due any federal or state income, service, sales, use, employment or other taxes due on or in connection with the operation of your Business, unless you are in good faith contesting your liability for these taxes;

- xiv. you (or any of your owners) (a) fail on three or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two or more separate occasions within any six consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;
- xv. you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Business is not vacated within 30 days following the order's entry; or you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you;
- xvi. you (or any of your owners) violate any Laws; provided, that, if the Law is of a nature which allows the violation to be cured, you do not correct such failure within 10 days of the violation;
- xvii. you fail to pass a quality assurance audit, and do not cure such failure within 15 days after we deliver written notice of failure to you;
- xviii. you or an Affiliate fails to comply with any provision of any other agreement (including any development agreement or other franchise agreement) with us or our affiliate and does not correct such failure within the applicable cure period, if any; or
- xix. you (or any of your owners) fail to comply with any other provision of this Agreement or any mandatory System Standard, and do not correct the failure within 30 days after we deliver written notice of the failure to you.

b. Assumption of Management.

If (1) you abandon or fail to actively operate your Business; (2) you die or otherwise become incapacitated; (3) you fail to comply with any provision of this Agreement or any mandatory System Standard and do not cure the failure within the time period we specify in our notice to you; or (4) this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase your Business under Section 16.C. below, we have the right (but not the obligation), without waiving our right to terminate the Agreement under Section 15.B above, to enter the Premises and assume the management of your Business (or to appoint a third party to assume its management) for any period of time we deem appropriate but not to exceed 90-day increments, renewable for up to one year, in the aggregate. We will periodically discuss with you the results of operation of your Business during the time that we manage it. If we (or a third

party) assume the management of your Business under clauses (1) and (2) above, you agree to pay us (in addition to other amounts due under this Agreement) an amount equal to ten percent (10%) of Gross Sales, plus our (or the third party's) direct out-of-pocket costs and expenses, for any period we deem appropriate. If we (or a third party) assume the management of your Business, you agree that we (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Business incurs, or to any of your creditors for any supplies, products, or other assets or services your Business purchases, while we (or the third party) manage your Business.

16. CONSEQUENCES OF TERMINATION OR EXPIRATION OF THIS AGREEMENT.

a. Your obligations.

On expiration or termination of this Agreement, you agree to comply with the following:

- i. you must pay us within 15 days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, all amounts owed to us (and our affiliates) which then are unpaid;
- ii. you may not directly or indirectly at any time or in any manner (except with other Clubs you own and operate) identify yourself or any business as a current or former Golf Envy Club or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of your Business or a Club in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;
- iii. you must take action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;
- iv. you must deliver to us, at your expense and within 30 days, all signs, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Club that we request and allow us, without liability to you or third parties, to remove these items from your Business;
- v. you must deliver to us all branded apparel within 15 days, in exchange for which we will pay you the amount you paid for such apparel. We may offset such amount against any amounts you owe us under this Agreement;
- vi. you must immediately cease using any of our Confidential Information and return to us all copies of written confidential materials that we have loaned you;
- vii. if we do not exercise our option to purchase your Business, you must promptly and at your own expense make the alterations we specify in the Operations Manual (or otherwise) to distinguish your Business and Premises clearly from its former appearance and from other Clubs in order

to prevent public confusion and in order to comply with the non-competition provisions set forth in Section 16.B;

- viii. comply with your obligations with respect to the Contact Information as described in Section 9.I;
- ix. comply with all other obligations that are expressly or by implication intended to survive or be triggered by the expiration or termination of this Agreement; and
- x. give us, within 30 days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

b. Covenant Not to Compete / Non-Solicitation.

- i. **Non-Competition.** On termination or expiration of this Agreement, you and your owners agree that, for two (2) years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section begin to comply with this Section, whichever is later, you and the Restricted Persons will not (a) within a 10-mile radius of the Premises, and (b) within a 10-mile radius of any Club in operation or under construction on the later of the effective date of the termination or expiration of this Agreement or the date on which all Restricted Persons begin to comply with this Section:
 - 1. have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, or agent in any Competitive Business (as defined in Section 8.A above) located or operating;
 - 2. divert or attempt to divert any actual or potential business, sites or customers of your business associated with this Agreement to a Competitive Business; or
 - 3. directly or indirectly, appropriate, use or duplicate the Franchise System or any portion thereof for use in any other business or endeavour.

These restrictions also apply to all transferors upon completion of the transfer, as provided in Section 13.B and Section 13.C above. If any person restricted by this Section 16.B refuses to voluntarily comply with these obligations, the two-year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 16.B will not deprive you of your personal goodwill or ability to earn a living.

ii. **Non-Solicitation.** For two (2) years beginning on the effective date of termination or expiration of this Agreement, neither you nor any Restricted Person will:

1. recruit or hire any person who is then or was, within the immediately preceding 24 months, employed (a) by us, any of our affiliates, or a franchise owner as a Designated Manager, an operations manager or assistant operations manager, or comparable position at any Club, or (b) as any of our or our affiliates' officers, in any case without our consent or that of the relevant employer;
2. interfere or attempt to interfere with our or our affiliates' relationships with any Vendors or consultants; or
3. engage in any other activity which might injure the goodwill of the Marks or the System.

c. **Our Right to Purchase Your Business.**

Upon the final expiration or termination of this Agreement for any reason, we may, at our option, purchase your Business. We may exercise this right by giving you written notice of our election by not later than 60 days after the expiration or termination of the Agreement. We have the unrestricted right to assign this purchase option in our discretion. Our purchase option under this Section 16.C shall be governed by the following:

- i. **Purchase Price.** The purchase price for your Business will be the net realizable value of the tangible assets in accordance with the liquidation basis of accounting (not the value of your Business as a going concern) ("**Liquidation Value**"). If you dispute our calculation of the purchase price, the purchase price will be determined by one independent accredited accountant ("**Accredited Accountant**") designated by us who will calculate the purchase price applying the criteria specified above. We agree to select an Accredited Accountant within 15 days after we receive the financial and other information necessary to calculate the purchase price (if you and we have not agreed on the purchase price before then). You and we will share equally the Accredited Accountant's fees and expenses. The Accredited Accountant must complete its calculation within 30 days after its appointment. The purchase price will be the Accredited Accountant's determination of the value, applying the appropriate mechanism as described above.
- ii. **Closing.** Closing of the purchase will take place on a date we select which is within 90 days after the purchase price is determined by us or, if you dispute the calculation of the purchase price, as determined pursuant to the preceding paragraph. You will continue to operate the Business in accordance with this Agreement through the Closing. Prior to closing, you agree to cooperate with us in conducting due diligence, including providing

us with access to your business and financial records, relevant contracts and all other information relevant to the Business. At the closing, we (or our assignee) will pay the purchase price in cash. You agree to execute and deliver to us (or our assignee):

1. an Asset Purchase Agreement and all related agreements, in form and substance acceptable to us and in which you provide all customary warranties and representations, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise;
2. a transfer of good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
3. an assignment of all of the licenses and permits for your Business which may be assigned or transferred;
4. an assignment of the Lease;
5. general releases, in form and substance satisfactory to us, of any and all claims you and your owners have against us and our owners, officers, directors, employees, agents, successors, and assigns; and
6. an agreement, in form and substance satisfactory to us, voluntarily terminating this Agreement under which you and your owners agree to comply with all post-term obligations set forth in Section 16.A and Section 16.B and with all other obligations which, either expressly or by their nature, are intended to survive termination or expiration of this Agreement.

d. Remedies; Liquidated Damages.

If this Agreement is terminated because of your default, or if you abandon your Business, you and we agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties and other recurring fees due under this Agreement, less any cost savings, through the remainder of the Term (the “**Damages**”). You and we agree that a reasonable estimate of the Damages is, and you agree to pay to us as compensation for the Damages, an amount equal to the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open the Franchised Business through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of months remaining in the term of the Franchise Agreement. For this purpose, amounts that are based on the Gross Sales of your Business shall be calculated based on

Gross Sales of your Business for the 12 months preceding the effective date of termination, provided that if the Minimum Cumulative Royalties would have applied had this Agreement not been terminated then Minimum Cumulative Royalties will also apply when calculating Damages. If your Business has not been in operation for at least 12 months preceding the termination date, amounts will be calculated based on the average monthly gross sales of all Clubs during our fiscal year immediately preceding the termination date. You and we agree that the calculation described in this Section is a calculation only of the Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

e. Continuing Obligations.

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

a. Independent Contractors.

This Agreement does not create a fiduciary relationship between you and us. You and we are and will be independent contractors, and not a general or special agent, joint venturer, partner, or employee of the other for any purpose. You must identify yourself conspicuously in all dealings with customers, suppliers, public officials, your personnel, and others as the owner of your Business under a franchise we have granted and to place notices of independent ownership within the Premises and on the forms, business cards, stationery, advertising, and other materials we require from time to time.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Business or the business you conduct under this Agreement. We will have no liability for your obligations to pay any third parties, including any product vendors. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor.

b. Taxes.

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any such taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us.

c. Indemnification.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, members, managers, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for,

all claims, obligations, and damages directly or indirectly arising out of the operation of your Business, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph.

18. SECURITY INTEREST.

As security for the performance of your obligations under this Agreement, including payments owed to us for purchases by you, you hereby collaterally assign to us the Lease and grant us a security interest in all of the Operating Assets and all other assets of your Business, including but not limited to inventory, fixtures, furniture, equipment, accounts, supplies, contracts, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. This Agreement shall be deemed to be a Security Agreement and Financing Statement, and we may file it or make such other filings in the records of any county and state that we deem appropriate to protect our interests.

19. ENFORCEMENT.

a. Severability and Substitution of Valid Provisions.

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

b. Waiver of Obligations.

Either of us may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement. Any waiver granted will be without prejudice to any other rights, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice.

Neither of us will be deemed to have waived or impaired any right, power, or option this Agreement reserves because of (1) any custom or practice at variance with this Agreement's terms; (2) failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement or mandatory System Standard; (3) waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Clubs; (4) the existence of franchise agreements for other Clubs which contain provisions different from those contained in this Agreement; or (5) our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

c. Costs and Attorneys' Fees.

If either party initiates an arbitration, judicial or other proceeding, the prevailing party will be entitled to reasonable costs and expenses (including attorneys' fees incurred in connection with such proceeding).

d. You May Not Withhold Payments Due to Us.

You may not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under this Agreement.

e. Rights of Parties are Cumulative.

Rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

f. Dispute Resolution.

(1) Internal Dispute Resolution

The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Accordingly, you must first bring any claim or dispute between you and us to our Chief Executive Officer, after providing notice as set forth in this Agreement, and make every effort to resolve the dispute internally. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

(2) Mediation

Other than an Excluded Claim brought by us or a Franchisor Related Party (as defined herein), and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisee Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. This agreement to first attempt resolution of disputes internally and through mediation shall survive termination or expiration of this Agreement.

Mediation will be conducted in San Dimas, California (or, if our corporate headquarters is no longer in San Dimas, California, the county where our corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Mediation Notice. If the parties have been unable to resolve any such dispute within thirty (30) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a

mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible, within sixty (60) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert, or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual, or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view, or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view, or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

(3) Arbitration

With the exception of "Excluded Claims" (as defined below), and if not resolved by the negotiation and mediation procedures set forth in Sections 19(f)(1) and 19(f)(2) above, any dispute, controversy or claim between your and/or any Franchisee Related Party, on the one hand, and us and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement,

(b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Territory, (e) the scope or validity of the arbitration obligation under this Agreement, (f) any System standard; and/or (g) any claim based in tort or any theory of negligence shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts.

The arbitration must take place in San Dimas, California (or, if our corporate headquarters is no longer in San Dimas, California, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in San Dimas, California.

In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (4) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that a court of competent jurisdiction would be permitted to make in the State of California. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section 19(f) is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

The arbitrator shall have subpoena powers limited only by the laws of the State of California. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under

the laws of the State of California. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of California.

Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

We reserve the right, but do not have any obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so we shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

(4) Exceptions to Mediation and/or Arbitration (the “Excluded Claims”)

Notwithstanding Sections 19(f)(1), 19(f)(2) or 19(f)(3), the parties agree that the following claims will not be subject to internal dispute resolution, mediation, or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief pursuant to 19(j) below, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party’s tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property;
or

(c) any claim by us and/or any Franchisor Related Party: (a) relating to your failure to pay any fee due to us and/or our affiliates under this Agreement or any other agreement; (b) relating to your or any Franchisee Related Party’s failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; (c) relating to your indemnification obligations under this Agreement; and/or (d) relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act

g. Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.), or other United States federal law, this Agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California without regard to its conflict of laws rules, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If any of the provisions of this agreement which relate to restrictions on you and your owners’ competitive activities is found unenforceable under California law, the enforceability of those provisions will be governed by the laws of the state in which your Business is located.

h. Consent to Jurisdiction.

Subject to the obligation to arbitrate under Section 19(f) above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a court in or nearest to San Dimas, California, and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in such courts.

i. Waiver of Punitive Damages, Jury Trial, and Class Actions

You hereby waive 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 us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your 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 shall 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 shall be construed to prevent us from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to your default, which the parties agree and acknowledge we may claim under this Agreement.

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 YOUR PURCHASE FROM US OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN YOU, YOUR GUARANTORS AND US OR OUR AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN US AND ANY OTHER THIRD PARTY.

j. Injunctive Relief.

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief and will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction.

k. Limitations of Claims.

You and your owners agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. Except with regard to your obligation to pay us and our affiliates fees and other amounts due pursuant to this Agreement or otherwise, any claims between the parties must be commenced within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, or such claim shall be barred. Such time limit might be shorter than otherwise allowed by law. Your and your owners' sole recourse for claims arising between the parties shall be against us or our successors and assigns. Our and our affiliates' owners, members, managers, officers, employees, and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners. Claims of any other party or parties shall not be joined with any claims asserted in any action or proceeding between us and you. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

20. MISCELLANEOUS.

a. Binding Effect.

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the System Standards, this Agreement may not be modified except by a written agreement signed by our and your duly-authorized officers.

b. The Exercise of our Judgment.

We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and on our judgment of what is in our or the System's best interests. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval.

c. Construction.

The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs. The preambles and exhibits are a part of this Agreement which, together with the System Standards (which may be periodically modified, as provided above), constitutes our and your entire agreement. Other than the representations in the Disclosure Document you received from us, there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Any policies that we adopt and implement from time to time to

guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Section 17.C, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnish to you.

If two or more persons are at any time the owners of the Franchise and your Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. As used in this Agreement, an “**Affiliate**” is a person or other legal entity in which you or your owners (i) own more than 51% of the issued and outstanding ownership interest and voting rights or (ii) have the right and power to control and determine the Affiliate’s management and policies. References to “**owner**” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Business or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or your Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a “**Control**” or “**controlling interest**” in you or one of your owners (if an Entity) means the right to control the management or to decide the vote on issues involving the activities of the applicable Entity. “**Person**” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. “**Including**” means “including, without limitation” unless otherwise noted.

d. Lawful Attorney.

If you do not execute and deliver any documents or other assurances so required of you pursuant to this Agreement or if we take over the management or operation of your Business for any reason, you hereby irrevocably appoint us as your lawful attorney with full power and authority, to execute and deliver in your name any such documents and assurances, and to manage or operate the business on your behalf, and to do all other acts and things, all in such discretion as we may desire, and you hereby agree to ratify and confirm all of our acts as your lawful attorney and to indemnify and hold us harmless from all claims, liabilities, losses, or damages suffered in so doing. You also hereby appoint us as your attorney-in-fact to receive and inspect your confidential sales and other tax records and hereby authorize all tax authorities to provide such information to us for all tax periods during the Term.

e. Notices and Payments.

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered on the earlier of the date of actual delivery or one of the following:

- (a) at the time delivered via computer transmission and, in the case of the Royalty, Marketing Fund contributions, and other amounts due, at the time we actually receive payment;
- (b) one business day after transmission by electronic system if the sender has confirmation of successful transmission;

(c) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

(d) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid;

All notices must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice, or if to you, notice may be addressed to the Club. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

f. Execution.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

[Signature page to follow]

[signature page to Franchise Agreement]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

GOLF ENVY FRANCHISING, LLC

FRANCHISE OWNER:

By: _____

Name: _____

Title: _____

Date*: _____

(*This is the Effective Date)

[Name]

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
TO FRANCHISE AGREEMENT

1. **Form of Owner.**

(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows:

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name.

2. **Owners.** The following identifies the owner that you have designated as, and that we approve to be, the Designated Representative and lists the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<u>Owner's Name</u>	<u>Type / %-age of Interest</u>
Designated Representative:	_____	_____ %
Other Owners:	_____	_____ %
	_____	_____ %
	_____	_____ %

3. **Site Selection Area:** _____

4. **Business Premises:** _____

5. **Initial Franchise Fee:** _____

6. **Territory:** The Territory referenced in Section 2.B of the Agreement is as depicted on the following map:

[insert map]

EXHIBIT B
TO THE FRANCHISE AGREEMENT

**COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS,
TELEPHONE LISTINGS, INTERNET ADDRESSES AND SOCIAL MEDIA ACCOUNTS**

THIS AGREEMENT is made this ____ day of _____, 20__, pursuant to the franchise agreement between Golf Envy Franchising, LLC ("Franchisor") and _____ ("Franchisee"), under which Franchisor granted Franchisee the right to own and operate a franchised business located at _____ ("Franchised Business")

FOR VALUE RECEIVED, Franchisee assigns to Franchisor (1) those certain telephone numbers and telephone directory listings (collectively, the "Telephone Numbers and Listings"), (2) those certain Internet website addresses ("URLs") and (3) those certain social media accounts ("Social Media Accounts") associated with Franchisor's trade and service marks and used in the operation of the Franchised Business. This Assignment is for collateral purposes only, and Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor notifies the telephone company and the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company"), Franchisee's Internet service provider ("ISP") and the social media websites on which Franchisee has accounts to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without extension), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings, the URLs and the Social Media Accounts, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings, the URLs and the Social Media Accounts, and shall remain liable to the Telephone Company, the ISP and the social media companies for all past due fees owing to the Telephone Company, the ISP and the social media companies on or before the effective date of the assignment hereunder.

Franchisee agrees that Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings, the URLs and the Social Media Accounts and that, on termination or expiration of the Franchise Agreement, Franchisee will immediately notify the Telephone Company, the ISP and the social media companies to assign the Telephone Numbers and Listings, the URLs and the Social Media Accounts to Franchisor. Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company, the ISP and the social media companies to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. If Franchisee fails to promptly direct the Telephone Company, the ISP and the social media companies to assign the Telephone Numbers and Listings, the URLs and the Social Media Accounts to Franchisor, Franchisor shall direct the Telephone Company, the ISP and the social media companies to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company, the ISP and the social media companies may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings, the URLs and the Social Media Accounts upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's, ISP's and social media companies' receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company, the ISP or the social media companies require that the parties execute the Telephone Company's, the ISP's or social media companies' assignment forms or other

documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

GOLF ENVY FRANCHISING, LLC

By: _____
Name: _____
Title: _____

FRANCHISE OWNER:

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

EXHIBIT C
TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of ____, 20 __, by _____

_____.
In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by Golf Envy Franchising, LLC ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that _____ (collectively, "Franchise Owner") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his and/or her direct and immediate liability under this Guaranty will be joint and several, both with Franchise Owner and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchise Owner fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchise Owner or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, the undersigned will provide updated financial information to us as may be reasonably necessary to demonstrate his or her ability to satisfy the obligations of the Franchise Owner under the Agreement.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchise Owner arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 19 (Enforcement) of the Agreement, including Section 19.F (Arbitration), Section 19.H (Consent to Jurisdiction) and Section 19.C (Costs and Attorneys' Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the undersigned and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

By signing below, the undersigned spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	SPOUSE(S)
#1: _____ Sign: _____ Print Name: _____ Address: _____ _____ Email: _____	#1: _____ Sign: _____ Print Name: _____ Address: _____ _____ Email: _____
#2: _____ Sign: _____ Print Name: _____ Address: _____ _____ Email: _____	#2: _____ Sign: _____ Print Name: _____ Address: _____ _____ Email: _____
#3: _____ Sign: _____ Print Name: _____ Address: _____ _____ Email: _____	#3: _____ Sign: _____ Print Name: _____ Address: _____ _____ Email: _____

APPENDIX A

LEASE RIDER

GOLF ENVY FRANCHISING, LLC
LEASE RIDER

THIS LEASE RIDER is entered into this _____ day of _____, 20____ by and between Golf Envy Franchising, LLC (“**Company**”), _____ (“**Franchisee**”), and _____ (“**Landlord**”).

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a Golf Envy facility at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the “**Lease**”), pursuant to which Franchisee will occupy premises located at _____ (the “**Premises**”) for the purpose of constructing and operating the Golf Envy franchised business (“**Franchised Business**”) in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Franchised Business and for no other purpose.

Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the Golf Envy system as Company may from time to time prescribe for the brand.

Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

Golf Envy Franchising, LLC
Attn: Ryan Wines
981 W Arrow Highway #401
San Dimas, CA 91773

Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time **(i)** to make any modification or alteration

it considers necessary to protect the System and marks, **(ii)** to cure any default under the Franchise Agreement or under the Lease, or **(iii)** to remove the distinctive elements of the trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment.

If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties have executed this Lease Rider of the date first above written:

COMPANY:

Golf Envy Franchising, LLC

FRANCHISEE:

By:

(Signature)

By:

(Signature)

Name:

(Print)

Name:

(Print)

Title:

Title:

LANDLORD:

By:

(Signature)

Name:

(Print)

Title:

EXHIBIT C
AREA DEVELOPMENT AGREEMENT

GOLF ENVY FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER

DATE OF AGREEMENT

DEVELOPMENT AREA

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EXHIBITS

- EXHIBIT A - Development Area, Development Schedule, Ownership
- EXHIBIT B - Guaranty and Assumption of Obligations

GOLF ENVY FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this “**Agreement**”) is made as of the Effective Date between **GOLF ENVY FRANCHISING, LLC**, a California limited liability company whose address is 981 W Arrow Highway #401, San Dimas, California 91773 (“**we**”), and **[DEVELOPER NAME]**, a [type of entity] whose address is [address] (“**you**”). The Effective Date is the date we sign this Agreement.

1. **PREAMBLES AND GRANT OF RIGHTS.**

A. Preambles.

We grant franchises (each a “**Franchise**”) to develop, own and operate membership-based indoor golf facilities that offer their members access to golf simulators related goods and services (each a “**Club**”) using the trademark *Golf Envy* and other trademarks we authorize from time to time (the “**Marks**”) and the system and system standards under which Clubs are developed and operated (the “**Franchise System**”). Each Franchise is granted solely pursuant to a written franchise agreement and related documents and agreements signed by us and a franchisee (each a “**Franchise Agreement**”). We also grant, in some cases, the right to acquire multiple Franchises (“**Development Rights**”).

You and, if you are an Entity (defined below), your owners have requested that we grant you Development Rights, and we are willing to do so in reliance on all of the information, representations, warranties and acknowledgements you and, if applicable, your owners have provided to us in support of your request, and subject to the terms and conditions set forth in this Agreement.

B. Grant of Rights; Exclusivity; Term.

Subject to the terms and conditions contained in this Agreement, we grant you the Development Rights. You agree to exercise the Development Rights in accordance with this Agreement, including acquiring the number of Franchises as necessary to strictly comply with the opening requirements described in the schedule that appears on Exhibit A to this Agreement (the “**Development Schedule**”). The Development Rights may only be exercised by you and by your Affiliates that we approve (“**Approved Affiliates**”) for Clubs to be developed and operated within the area identified on Exhibit A (the “**Development Area**”). The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continuing through the earlier of the date on which the last Club which is required to be opened in order to satisfy the Development Schedule opens for regular business or is required under the Development Schedule to be open (the “**Term**”).

Except as described elsewhere in this Agreement, and provided you and each Entity (defined below) in which you or your owners (i) own more than 51% of the issued and outstanding ownership interest and voting rights or (ii) have the right and power to control and determine the Entity’s management and policies (your “**Affiliates**”) are in full compliance with this Agreement and all Franchise Agreements and other agreements with us (or any of our affiliates), we will not, during the Term, (1) own and operate, or authorize others to own and operate, Clubs in the Development Area or (2) grant or authorize the grant to anyone else of Development Rights for the Development Area.

C. Rights We Reserve.

We and our affiliates are not restricted in any manner from engaging in any business activity whatsoever that is not expressly prohibited by this Agreement. Despite any provision of this Agreement to the contrary, we expressly reserve, without compensation to you and even if competitive with your Clubs, the right to do any of the following:

- (1) establish, operate and license others to establish and operate Clubs and any other business anywhere outside the Development Area and on terms we determine;
- (2) establish, operate and license others to establish and operate within the Development Area any other kind of sports facility or business provided that such facilities or businesses are not identified by or operated using the Marks and System;
- (3) sell or authorize others to sell any products identified by or associated with the Marks or any other trademarks through distribution channels other than Clubs (including, but not limited to, the Internet, sporting goods stores, national retail chains, and consumer warehouse stores), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business (including within the Development Area), even if such products are identical or similar to, and/or competitive with, those that Clubs customarily sell;
- (4) acquire the assets or ownership interests of one or more businesses, including Competitive Businesses (defined below), and, once acquired, franchising, licensing or creating similar arrangements with respect to such businesses, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Development Area) and using or authorizing the use of the Marks and System in connection therewith;
- (5) be acquired (regardless of the form of transaction), by any other business, including a Competitive Business, even if such business operates, franchises and/or licenses such businesses in the Development Area; and
- (6) operate or grant any third party the right to operate any Club that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under this Agreement or any Franchise Agreement.

D. Best Efforts/Business Entity.

You must at all times faithfully, honestly and diligently perform your obligations and fully exploit the Development Rights during the Term and throughout the entire Development Area. You may not subcontract or delegate any of your obligations under this Agreement to any third parties. If you are a corporation, limited liability company, partnership, or another form of business entity (collectively, an “**Entity**”), you agree and represent that:

- (1) Exhibit A lists all of your owners and their interests as of the Effective Date;
- (2) such persons as we designate, which may include the spouses of your owners, will execute an agreement, in the form set forth in Exhibit B (the “**Guaranty**”), under which such

persons undertake personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. However, a spouse who signs the Guaranty solely as a spouse and not as an owner will merely be acknowledging and consenting to the execution of the guaranty by his or her spouse and agreeing to bind the assets of the marital estate as described therein and for no other purpose;

(3) the business that this Agreement contemplates will be the only business you operate (although your owners may have other, non-competitive business interests); and

(4) you will designate, subject to our approval, one of your owners as your **“Designated Representative.”** Your Designated Representative must devote a reasonable amount of his or her time and efforts to the operation, promotion and enhancement of the business under this Agreement, and have the authority to deal with us on your behalf in respect of all matters whatsoever which may arise in respect of this Agreement. We will be entitled to rely solely upon the decision of your Designated Representative in any such dealings without the necessity of any discussions with any other party named in this Agreement. We will not be responsible to you for any actions taken based upon any decision or actions of your Designated Representative. If you name more than one Designated Representative, we are entitled to rely on the decision of any one of them, acting alone. You will ensure that the Designated Representative has all authority to interact with us as described in this paragraph. The initial Designated Representative’s name is listed on Exhibit A, and any replacement must be approved by us. We also reserve the right to approve any regional or district managers you employ.

E. Financing; Maximum Borrowing Limits; Liquidity.

We have granted the Development Rights to you based, in part, on your representations to us, and our assessment of, your levels of liquidity as of the Effective Date. You will ensure that, throughout the Term, you maintain sufficient liquidity and working capital reserves to meet your obligations under this Agreement. We reserve the right to establish and revise minimum liquidity requirements from time to time, and you agree to comply with such minimum liquidity requirements that we reasonably impose. On our request, you will provide us with evidence of your liquidity and working capital availability.

We may from time to time designate the maximum amount of debt that Clubs may service, and you will ensure that you and your approved Affiliates comply with such limits.

F. Extension of Term.

If you have been in compliance with the Development Schedule and your other obligations under this Agreement throughout the Term (regardless of whether we exercised our right to issue a notice of default or termination), you may, at your option and subject to your compliance with the provisions of this Section 1.F, extend the Term for successive terms as follows:

(1) You must provide us with written notice by the start of the last Development Period (as defined in Section 2.C) of the Development Schedule. Within 15 days following our receipt of your notice, we will advise you if we believe that you have failed to qualify for an extension; and

- (2) By not later than the last day of the Term:
- a. You and we must agree on the length of and a new development schedule for the extended term;
 - b. You and your owners must have executed a general release and non-disparagement agreement, in form satisfactory to us, of any and all claims against us and our affiliates, and our and their respective owners, managers, officers, directors, employees and agents; and
 - c. You must have paid a new Development Fee for the extended term, calculated as described in our then-current area development program.

All fees due under Franchise Agreements signed during the extended term will be as set forth in our area development program at the time of completion of the requirements for the extension as described above.

If you are not entitled to an extension of the Term or if you and we do not timely complete the requirements described in paragraph (3) above, the Term will expire at the end of the Term.

All of the foregoing provisions will apply to each extended term and will govern your right to each such extension.

2. **EXERCISE OF DEVELOPMENT RIGHTS.**

A. Proposed Sites for Clubs.

You are responsible for locating and proposing to us each site at which you want to develop a Club. Each proposed site requires our prior written approval. You must give us all information we request to assess each proposed site as well as your and your proposed Affiliate's financial and operational ability to fund the development and to operate each proposed Club. We have the absolute right to disapprove any site or any Affiliate that does not meet our criteria or if you or your Affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to this Agreement or operating your or their Clubs in compliance with the System Standards (as defined in the Franchise Agreement). We will use our reasonable efforts to review and approve or disapprove any sites you propose within 30 days after we receive all requested information and materials. Once we approve a proposed site, you or your Approved Affiliate must sign a separate Franchise Agreement as described in Section 2.B. If you or your Approved Affiliate fails to do so within 15 days after we provide you with an execution copy of the Franchise Agreement, we may withdraw our approval.

B. Execution of Franchise Agreements.

Simultaneously with signing this Agreement, you or an approved Affiliate must sign and deliver to us a Franchise Agreement and related documents, on our current forms, for the governance and operation of the first Club you are obligated to acquire under this Agreement. You or your approved Affiliate must thereafter open and operate a Club according to the terms of that Franchise Agreement. Thereafter, once we have approved a site, and prior to signing a lease or otherwise securing possession

of the site, you or an Approved Affiliate must sign our then-current form of Franchise Agreement and related documents, the terms of which may differ substantially from the terms contained in the Franchise Agreement in effect on the Effective Date; however, we agree that, provided you remain in compliance with this Agreement, there will be no initial franchise fee due under each Franchise Agreement executed pursuant to this Agreement. The Franchise Agreement will govern the development and operation of the Club at the approved site.

C. Development Schedule.

The Development Schedule is as set forth in Exhibit A. Each period described in the Development Schedule is a “**Development Period**.” You or your Approved Affiliates must acquire Franchises and open and operate Clubs in the Development Area pursuant to the Franchise Agreements as necessary to satisfy the requirements of each Development Period. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Clubs specified in the Development Schedule or during any particular Development Period. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under each Development Period of the Development Schedule.

We will count a Club toward the Development Schedule only if it actually is operating in the regular course within the Development Area and substantially complying with the terms of its Franchise Agreement as of the end of the Development Period. However, a Club that is, with our approval or because of fire or other casualty, permanently closed during the last 30 days of a Development Period, after having been open and operating, will be counted toward the development obligations for the Development Period in which it closed, but not thereafter.

D. Failure to Comply With Development Schedule.

Time is of the essence. If you fail to comply with the Development Schedule as of the end of any Development Period, in addition to terminating this Agreement under Section 7 and asserting any other rights we have under this Agreement as a result of such failure, we may (but need not) elect to revoke our agreement under Section 1.B not to operate or to grant similar development or franchise rights to others in the Development Area, or reduce the size of and re-configure the Development Area as we determine.

E. Records And Reporting.

You agree to provide us with the following records and reports:

(1) If you have not already done so, within 60 days after the Effective Date, you must prepare and give us, a business plan covering your projected revenues, costs and operations under this Agreement. This business plan will include your detailed projections of development costs and detailed revenue projections for your Clubs. Within 60 days after the start of each calendar year during the Term, you must update the business plan to cover both actual results for the previous year and projections for the then-current year. While we may review and provide comments on the business plan and any updates you submit to us, regardless of whether we approve, disapprove, require revisions or provide other comments with respect to the business plan or any updated business plan, we take no responsibility for and make no guarantees or representations, expressed or implied, with respect to your ability to meet the business plan or to

achieve the results set forth therein. However, once we approve your business plan or any updates to it, you must comply with it in all material respects. You bear the entire responsibility for achievement of the business plan you develop;

(2) within 7 days after the end of each month during the Term, you must send us a report of your business activities during that month and the status of development and projected openings for each Club under development in the Development Area;

(3) within 28 days after the end of each calendar quarter, you must provide us with consolidated balance sheet and profit and loss statements for you and your Affiliates covering that quarter and the year-to-date and an updated balance sheet and related financial statements for each person signing the Guaranty; and

(4) within 60 days after the end of each calendar year, you must provide us with an annual profit and loss and source and use of funds statements and a balance sheet, consolidated for you and your Affiliates covering the previous year. We reserve the right to require that you have these financial statements and the financial statements of any prior fiscal years audited by an independent accounting firm designated by us in writing.

Each of the foregoing shall be in the form and format that we reasonably specify, shall be delivered to us in the manner we specify, and shall be certified as correct by you or your Designated Representative.

3. **FEES.**

A. Development Fee.

You must pay us, on your execution of this Agreement and in consideration of the grant of the Development Rights, a nonrecurring and nonrefundable development fee in the amount of \$_____ (the “**Development Fee**”). The Development Fee is fully earned by us when you and we sign this Agreement and is nonrefundable.

B. Non-compliance Fee.

Under the Franchise Agreement, we reserve the right to charge a non-compliance fee with respect to all Franchise Agreements signed pursuant to this Agreement should you or your Approved Affiliates fail to comply with your or its obligations under any one such Franchise Agreement. The non-compliance fee is \$1,000 for the third infraction we notify you of and \$5,000 for each infraction we notify you of thereafter. You agree to pay or, as applicable, cause your Approved Affiliates who have signed Franchise Agreements pursuant to this Agreement to pay the non-compliance fee when due, as described in the Franchise Agreements. Nothing in this Section 3.B limits any of our other rights and remedies available under the terms of this Agreement or any Franchise Agreement. The non-compliance fee is intended to compensate us for certain expenses or losses we will incur as a result of the non-compliance and is not considered a penalty or an expression of the total amount of such damages. This provision shall survive termination or expiration of this Agreement until all Franchise Agreements executed pursuant to this Agreement have expired or have been terminated.

4. **CONFIDENTIAL INFORMATION; INNOVATIONS.**

A. Confidential Information.

All information furnished to you or your representatives by us or on our behalf, whether orally or by means of written material, including without limitation the Franchise Agreements, this Agreement, the Franchise System, plans, specifications, financial or business data or projections, all documents, data, information, materials, reports, proposals, procedures, financial information, compensation information, job descriptions, employee biographies, proposed advertising, advertising and marketing plans, marketing techniques, operations manuals, formulas, samples, improvements, models, drawings, programs, compilations, devices, methods, designs, techniques and specifications, inventions, know-how, processes, business plans, customer information, purchasing techniques, supplier lists, supplier information, advertising strategies, operations, our trade secrets, or any other forms of business information, whether or not marked as confidential (the “**Proprietary Information**”): (i) shall be owned by us or our affiliates, (ii) shall be deemed proprietary and held by you in strict confidence; (iii) shall not be disclosed or revealed or shared with any other person except to your employees or contractors who have a need to know such Proprietary Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance; and (iv) shall not be used except to the extent necessary to exercise the Development Rights or as permitted under Franchise Agreements, and then only in circumstances of confidence and in accordance with the obligations set forth in the Franchise Agreements. You will protect the Proprietary Information from unauthorized use, access, or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care.

You must return to us or, at our election, destroy all Proprietary Information in your possession or control and permanently erase all electronic copies of such Proprietary Information promptly upon our request or upon the expiration or termination of this Agreement, whichever comes first. At our request, you will certify in a writing signed by you or one of your officers that you have fully complied with the foregoing obligations.

B. Innovations.

You agree that, as between us and you, we and our affiliates are the sole owner of all right, title, and interest in and to the Franchise System and any Proprietary Information. All improvements, developments, derivative works, enhancements, or modifications to the Franchise System and any Proprietary Information (collectively, “**Innovations**”) made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. If you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including, without limitation, assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable

for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 4.B, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 4.B with the same legal force and effect as if executed by you.

C. General.

If you breach any of the provisions of this Section 4, we will be entitled to equitable relief, including in the form of injunctions and orders for specific performance, in addition to all other remedies available at law or equity. The obligations under this Section 4 shall survive any expiration or termination of the Agreement.

5. **EXCLUSIVE RELATIONSHIP DURING TERM.**

A. Covenants Against Competition.

We have granted you the Development Rights in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, you, your Affiliates, any of your or their owners, principal officers, or directors, and the immediate family members of each of the foregoing (each of the foregoing, a “**Restricted Person**”) will not:

(a) have any direct or indirect ownership interest (whether of record, beneficially, or otherwise) in or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business (defined below), wherever located or operating, other than having an equity ownership of less than 5% of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange;

(b) divert or attempt to divert any actual or potential business, sites or customers of your business associated with this Agreement to a Competitive Business; or

(c) directly or indirectly, appropriate, use or duplicate the Franchise System or any portion thereof for use in any other business or endeavor.

The term “**Competitive Business**” means (i) any indoor or outdoor golf course business, (ii) any business that sells golf equipment and/or apparel, (iii) any business that offers or sells goods or services that are generally the same as or similar to the goods or services being offered by Clubs, including, without limitation, golf simulator services, and related goods and services, or (iv) any business that grants franchises or licenses to others to operate or provides services to the types of businesses specified in subparagraphs (i-iii) (other than a Club operated under a franchise agreement with us).

B. Covenants from Others.

You agree to obtain similar covenants from your owners, officers, directors, managers, and all employees who attend our training program or who have access to Proprietary Information. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with

independent enforcement rights. You must require all employees performing managerial or supervisory functions and all employees receiving training from us to execute non-disclosure and non-competition covenants similar to those set out in this Section 5, in the form supplied or approved by us. You must provide us with copies of all such agreements on our request. In addition, you must cause each new Affiliate of yours and each new owner, director, officer and shareholder of yours and such Affiliates to deliver to us properly executed non-disclosure, non-solicitation and non-competition covenants similar to those set out in this Section 5 immediately upon their becoming an owner or upon their appointment or election as a director or officer, of you or such Affiliate.

6. **TRANSFER.**

A. Sale or Encumbrance.

We have granted you the Development Rights based on, among other things, the character, background and other qualifications and abilities personal to you or, if applicable, your owners. Accordingly, this Agreement, any ownership interests in you, or any interests in this Agreement, the Development Rights or any part of the business operated under this Agreement may not be sold, assigned, donated or otherwise transferred, including as a result of death (each a “Sale”), to any person or Entity (referred to specifically in this Section 6 as the “**Recipient**”) without our prior written consent. You further agree that you will not enter into any proposed mortgage, pledge, hypothecation, encumbrance or giving of a security interest in or which affects the Development Rights and your other rights under this Agreement (a “**Security Interest**”). The Development Rights may not be transferred separate and apart from the entirety of this Agreement, and a proposed transfer of this Agreement may not be made separately from or independently of a transfer to the same Recipient of all of the Franchise Agreements (and the Clubs operated pursuant thereto) executed pursuant to this Agreement.

If you intend to list your Clubs or your rights under this Agreement for Sale with any broker or agent, you may do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the Sale nor may you use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the Sale without our prior written approval of such materials.

Our approval of a transfer of ownership interests in you as a result of the death or incapacity of the proposed transferor will not be unreasonably withheld or delayed so long as at least one of the Designated Representatives designated on Exhibit A continues to be the Designated Representative. If, as a result of the death or incapacity of the transferor, a transfer is proposed to be made to the transferor’s spouse, and if we do not approve the transfer, the trustee or administrator of the transferor’s estate will have nine (9) months after our refusal to consent to the transfer to the transferor’s spouse within which to transfer the transferor’s interests to another party whom we approve in accordance with this Section 6.A.

We may withhold our consent to a Sale for any reason. We will not, under any circumstances, be required to consider a proposed Sale if you fail to comply with the following requirements:

- (1) you must submit to us a written request for our consent, including in your request:
 - (i) the exact terms of the proposed Sale and a copy of a duly signed bona fide written offer;
 - (ii) information relating to the business reputation and qualifications of the Recipient to carry on business;
 - (iii) suitable credit and financial information of the Recipient to allow us to make a reasonable decision as to the creditworthiness and financial position of the Recipient and such

information will include as an appendix thereto, a personal net worth statement of the Recipient or in the event the Recipient is an Entity, a personal net worth statement of its controlling shareholder(s) or member(s); (iv) such other information that you reasonably believe to be relevant to our assessment of your request, and (v) such other information as we may require;

(2) if the transfer is of a controlling interest in you or a transfer by the Designated Representative, the Recipient must arrange for and successfully complete to our satisfaction, all or such training in the operations of the area development business and a Club, at its or your sole expense, as we deem necessary; prior to the commencement of the training by the Recipient, you must deliver to us, our then current training fee by means of cash or certified check, which amount will be non-refundable, except that if the Sale is successfully completed, the entire amount will be applied by us against the amount payable by you pursuant to Section 6.A(8) below, or such other amounts as may be owing by you to us pursuant to this Agreement;

(3) the Recipient and its immediate family members (and, if it is not a natural person, its owners and immediate family members of its owners) must not have an interest or be engaged in activities which would violate the restrictions regarding Competitive Businesses as described in Sections 5.A and 5.B;

(4) the Recipient must enter into any and all agreements and covenants (including a new area development agreement) which we are then requiring of new area developers, and if the Recipient is an Entity, the Recipient must provide such personal guarantees or other assurances of its owners or others as we may require;

(5) you must have discharged and/or satisfied all of your obligations (financial or otherwise) to us and our affiliates incurred in connection with the business operated under this Agreement, as of the date of the completion of the said Sale;

(6) you, and if you are an Entity, your owners, partners, officers, and directors (and the owners, partners, officers and directors of each), will execute and deliver to us and our officers, directors, shareholders, employees and our and their heirs, executors, administrators, successors and assigns, a general release in a form approved by us, releasing us and the aforementioned from all claims, demands, liabilities, actions, damages, costs or expenses which you and any of your officers, directors, owners and your heirs, executors, administrators, successors and assigns, may have as a result of this Agreement, the business operated hereunder, or the relationship between you and us created by this Agreement;

(7) you must pay all of our reasonable expenses, as determined by us in our sole discretion, incurred in connection with the Sale, whether or not such Sale is completed, plus disbursements and applicable taxes thereon; in this regard, you must deliver to us together with your original request for our consent to the Sale;

(8) you must pay to us \$10,000, plus (as applicable) goods and services taxes thereon; and

(9) we must first agree, in writing, on the date of the completion of the Sale;

We will have 30 days following the earlier of (a) our receipt of all requested information regarding the proposed Sale and purchaser, (b) our decision not to exercise the right of first refusal under Section 6.B, or (c) our failure to timely exercise the right of first refusal under Section 6.B to consider the proposed Sale. If we do not notify you of our approval of the proposed Sale within the time periods described in Section 6.B below, we will be deemed not to have given our consent.

B. First Right of Refusal.

If you make or receive (and intend to accept) an offer of Sale, in addition to our right to consent as described in the preceding section, we will have the option to acquire the assets proposed to be sold on the same terms and conditions contained in your request for our consent as described in Section 6.A(1) above. If we desire to exercise our option, we must notify you, in writing, within 30 days of our receipt of your written request and all required information referred to in Section 6.A. above. We will complete the Sale on the same terms and conditions as were proposed by the Recipient except that we will be entitled to deduct from the purchase price (i) the amount of any sales or other commissions (if any) which would have been payable by you had the Sale been completed with the Recipient and (ii) an amount equal to that amount to which we are entitled pursuant to Section 6.A(8). We will also have the right to substitute cash for any other form of consideration proposed to be paid by the Recipient and the right, at our option, to pay in full the entire amount of the purchase price at the time of closing. If we do not timely exercise our option, we will then determine if we will consent to the proposed Sale to the Recipient as described in Section 6.A. You must complete the Sale within 30 days following our consent, failing which, you must again seek our approval in the manner set out in Section 6.A.(1), and in all such events the provisions of this Section 6.B. will apply anew, and such procedure will continue to be repeated so often as you desire to complete any Sale.

C. Public or Private Offerings.

The publication or dissemination of written information used to raise or secure funds can reflect upon us and the Franchise System. Therefore, you may not offer securities via a public offering or a private offering that requires written disclosures without our prior written consent. If you desire to request that we consent to any such event, you must submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn or resolved.

7. **TERMINATION OF AGREEMENT.**

A. Events of Termination.

We will have the right to terminate this Agreement at any time, effective upon written notice, if:

(1) you or your Affiliates fail to pay any amount payable under this Agreement or any Franchise Agreement you or your Approved Affiliates execute with us when and as same becomes due and payable, and such default continues for a period of 5 days after written notice thereof has been given by us to you;

(2) you cease or threaten to cease to carry on the business granted to you under this Agreement, or take or threaten to take any action to liquidate your assets, or if you do not pay

any debts or other amounts incurred by you in operating the business hereunder when such debts or amounts are due and payable;

(3) you fail to comply with the Development Schedule;

(4) you make or purport to make a general assignment for the benefit of creditors; or if you hereto institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy, or should any proceeding under any such statute or otherwise be instituted against you; or if a custodian, receiver, manager or any other person with like powers is appointed to take charge of all or any part of the business granted hereunder or of the shares or documents of title owned by any of your shareholders or title holders; or if you commit or suffer any default under any contract of conditional sale, mortgage or other security instrument in respect of the business being operated hereunder or of the shares or documents of title owned by any of your shareholders or title holders; or if any of your goods, chattels or assets or of the business are seized or taken in execution or in attachment by a creditor, or if a writ of execution is issued against any of such goods, chattels, or assets; or if a judgment or judgments for the payment of money in amounts in excess of \$20,000, is rendered by any court of competent jurisdiction against you;

(5) you fail to furnish reports, financial statements, tax returns or any other documentation required by the provisions of this Agreement and do not correct such failure within 10 days following notice;

(6) if you are an Entity, (i) an order is made or a resolution passed or any proceedings taken towards your winding up or liquidation or dissolution or amalgamation; or (ii) you lose your charter by expiration, forfeiture or otherwise;

(7) you or any of your owners has made any material misrepresentation or omission in your or their application and the documents and other information provided to us to support your or their application to acquire the rights granted in this Agreement;

(8) you or your owners grant a Security Interest in the Development Rights or, without our approval as described in Section 6.A, engage or attempt to engage in a Sale;

(9) you (or any of your owners) are (a) convicted of or plead guilty or “no-contest” to a felony, (b) convicted of or plead guilty or “no contest” to any crime or other offense likely to adversely affect the reputation of any Clubs or the goodwill of the Marks, or (c) engage in any conduct which, in our opinion, adversely affects or, if you were to continue as an area developer under this Agreement, is likely to adversely affect the reputation of the business you conduct pursuant to this Agreement, the reputation and goodwill of Clubs generally or the goodwill associated with the Marks;

(10) we provide written notice of your (or any of your owners’) failure (a) on three (3) or more separate occasions within any 12 consecutive month period to comply with this Agreement, or (b) on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, in any case, whether or not you correct the failures after our delivery of notice to you;

(11) you or your Approved Affiliates fail to comply with any provision of any Franchise Agreement or any other agreement with us or our affiliates and do not cure such failures within the applicable cure period, if any; or

(12) you fail to observe, perform or comply with any other of the terms or conditions of this Agreement not listed in items (1) through (11) above, and such failure continues for a period of 7 days after written notice thereof has been given by us to you.

B. Effects of Termination.

On the expiration or termination of this Agreement for any reason whatsoever, the following provisions apply:

(1) all of your rights under this Agreement will cease, and you are no longer entitled to exercise the Development Rights or hold yourself out to the public as being a developer of Clubs;

(2) you must return all Proprietary Information in your possession or control (except Proprietary Information that you are permitted to use under any Franchise Agreements); and

(3) without limiting any other rights or remedies to which we may be entitled, you must pay all amounts owing to us pursuant to this Agreement up to the date of termination.

C. Covenant Not to Compete / Non-Solicitation.

(1) **Non-Competition.** On termination or expiration of this Agreement, you and your owners agree that, for 2 years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section 7.C begin to comply with this Section 7.C, whichever is later, you and the Restricted Persons will not (a) within the Development Area, and (b) within a 5-mile radius of any Club in operation or under construction on the later of the effective date of the termination or expiration of this Agreement or the date on which all Restricted Persons begin to comply with this Section 7.C:

(a) have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 5 above) located or operating;

(b) divert or attempt to divert any actual or potential business, sites or customers of your business associated with this Agreement to a Competitive Business; or

(c) directly or indirectly, appropriate, use or duplicate the Franchise System or any portion thereof for use in any other business or endeavour.

These restrictions also apply after transfers, as provided in Section 6 above. If any Restricted Person refuses to voluntarily comply with these obligations, the 2-year period for that person will commence with the entry of a court order enforcing this provision. You represent that you and the Restricted Persons each possess skills and abilities of a general nature and have other

opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 7.C will not deprive you or them of any personal goodwill or ability to earn a living.

(2) **Non-Solicitation.** For two (2) years beginning on the effective date of termination or expiration, neither you nor any Restricted Person will:

(a) recruit or hire any person who is then or was, within the immediately preceding 24 months, employed by us, any of our affiliates, or a franchise owner as (a) an operations manager or assistant operations manager, or comparable position at any Club, (b) a district or regional manager or any other such person having responsibility for overseeing or supervising the operation of multiple Clubs or (c) any of our or our affiliates' officers;

(b) interfere or attempt to interfere with our or our affiliates' relationships with any vendors or consultants; or

(c) engage in any other activity which might injure the goodwill of the Marks and/or the Franchise System.

If you fail to comply with paragraph (2)(a) above, you agree to pay us an amount equal to 200% of the annual salary of such person.

D. Survival of Covenants.

Notwithstanding the expiration or termination of this Agreement for any reason whatsoever, or any Sale, all covenants and agreements to be performed or observed by you will survive any such termination, expiration or Sale.

8. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

A. Independent Contractors.

Each of us is an independent contractor, and neither is considered to be the agent, representative, master, servant, or employee of the other for any purpose. Neither of us has any authority to enter into any contract, to assume any obligations or to give any warranties or representations on behalf of the other. Nothing in this Agreement may be construed to create a relationship of partners, joint venturers, fiduciaries, agency, employer or any other similar relationship between us and you.

B. Indemnification.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, members, managers, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise),

and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 8.B.

9. ENFORCEMENT

A. Venue; Forum; Jurisdiction; Dispute Resolution

We and you agree and acknowledge that the venue, forum, jurisdiction, dispute resolution, and all other enforcement-related provisions of the Franchise Agreement entered into concurrently with this Agreement shall also apply to this Agreement.

B. Waiver of Punitive Damages, Jury Trial, and Class Actions.

You hereby waive 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 us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your 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 shall 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 shall be construed to prevent us from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to your default, which the parties agree and acknowledge we may claim under this Agreement.

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 YOUR PURCHASE FROM US OF THE DEVELOPMENT RIGHTS, FRANCHISE RIGHTS, AND/OR ANY GOODS OR SERVICES.

THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE DEVELOPMENT AND/OR FRANCHISE RIGHTS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN YOU, YOUR GUARANTORS AND US OR OUR AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN US AND ANY OTHER THIRD PARTY.

C. Injunctive Relief.

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against conduct that threatens to injure or harm us, our or our affiliates' trademarks, or the Franchise System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction.

D. Limitation of Claims.

Except for claims arising from your non-payment or underpayment of amounts you owe to us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims. The parties agree that any proceeding will be conducted on an individual, not a class-wide, basis. You and your owners agree that our and our affiliates' owners, members, managers, officers, employees, and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners.

E. Attorneys' Fees and Costs.

If either party initiates an arbitration, judicial or other proceeding, the party prevailing in such proceeding shall be entitled to recovery of its costs and expenses, including reasonable attorneys' fees.

10. **MISCELLANEOUS.**

A. CONSTRUCTION.

Time is of the essence of this Agreement and of each and every part hereof. If either you are comprised of more than one individual, or Entity, the obligations of each such individual and Entity will be joint and several. If for any reason whatsoever, any term or condition of this Agreement is, to any extent declared to be invalid or unenforceable, all other terms and conditions of this Agreement, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term and condition of this Agreement will be separately valid and enforceable to the fullest extent permitted by law. Headings preceding the text, sections and subsections hereof have been inserted solely for convenience of reference and will not be construed to affect the meaning, construction or effect of this Agreement. This Agreement shall not be effective until accepted by us as evidenced by dating and signing by an officer or other duly-authorized representative of ours.

B. No Warranty or Representation.

You hereby acknowledge that we and our agents, affiliates, officers, members, managers, owners, employees and other representatives have not made or given to you any warranties, representations, undertakings, commitments, covenants or guarantees respecting the subject matter of this Agreement except as expressly stated in this Agreement, and specifically without limiting the generality of the foregoing, you hereby acknowledge and agree that we and our agents, affiliates,

officers, directors, managers, owners, employees and other representatives have not made or given any warranty, representation, undertaking, commitment, covenant or guarantee in respect of sales or profit to be derived or costs or expenses to be incurred by you and that you are not relying upon any warranties, representations, undertakings, commitments, covenants or guarantees of us and our officers, directors, owners, employees and other representatives except as provided in this Agreement.

C. Notice.

All notices, consents, approvals, statements, documents or other communications required or permitted to be given hereunder must be in writing, and must be delivered personally or mailed by registered mail, postage prepaid, to the said parties at their respective addresses set forth in the opening paragraph of this Agreement to the attention of the person indicated below:

If to us: Attention: Golf Envy Franchising, LLC
 981 W Arrow Highway #401
 San Dimas, California 91773

If to you: Attention: _____

or at any such other address or addresses as the party to whom such notice, consent approval, statement, documentation or other communication is to be given, may designate by notice in writing so given to the other parties hereto as provided hereinbefore. If any one of the said parties is comprised of more than one person or Entity, any notice, consent, approval, statement, document or other communication may be given by or to any one thereof, and it will have the same force and effect as if given by or to all thereof. Any notices, consents, approvals, statements, documents or other communications, if mailed will be deemed to have been given on the second business day (except Saturdays and Sundays) following such mailing, or, if delivered personally, will be deemed to have been given on the day of delivery.

D. Applicable Law.

This Agreement will be construed and interpreted under the laws of the State of California, without regard to its conflicts of laws rules, except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) or other United States federal law.

E. Waiver.

The waiver by either you or us, of a breach of any term or condition contained in this Agreement will not be deemed to be a waiver of such term or condition or any subsequent breach of the same or any other term or condition herein contained unless such waiver is expressly set forth in writing. Our failure to exercise any right of ours to demand your exact compliance, nor any custom of practice of you and us at variance with the terms and conditions of this Agreement will constitute a waiver of our right to demand exact compliance with the terms and conditions hereof. Our subsequent acceptance of any amount payable hereunder, will not be deemed to be a waiver of any preceding breach of any term or condition of this Agreement, other than the failure to pay the particular amount so accepted, regardless of our knowledge of such preceding breach at the time of acceptance of such amount.

F. Assignment by Us.

In the event of a sale, transfer or assignment by us of our interest in this Agreement or any interest herein, to the extent that the purchaser or assignee assumes our covenants and obligations under this Agreement, we will thereupon and without further agreement, be freed and relieved of all liabilities with respect to such covenants and obligations. In no event will anything, including without limitation, anything contained in this Agreement, prevent us from selling, transferring or assigning any interest we may have in the Franchise System or the Marks or any part thereof, and notwithstanding we have no obligations to you under or pursuant to this Agreement, if for any reason it is determined otherwise by a governmental authority, legislative act, court of competent jurisdiction or in any other manner whatsoever, upon completion of any such sale, transfer or assignment, we will be freed and relieved of all your liability whatsoever.

G. Further Assurances.

You and we agree to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

H. Entire Agreement.

This Agreement and all schedules attached hereto constitute the entire agreement of the parties hereto and all prior negotiations, commitments, representations, warranties, agreements and undertakings made prior hereto are hereby merged. Other than the representations in the Franchise Disclosure Document you received from us, there are no other inducements, representations, warranties, agreements, undertakings, or promises (oral or otherwise), among you and us relating to the subject matter of this Agreement. No subsequent alteration, amendment, change or addition to this Agreement or any schedules will be binding upon the parties hereto unless reduced to writing and signed by us and you or our and your respective heirs, executors, administrators, successors or assigns. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

I. Acknowledgments.

You acknowledge and agree that you have conducted an independent investigation of all aspects relating to the business being granted hereunder and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your skills and ability as an independent business person or organization. You acknowledge that you have received, read and understand this Agreement, the attachments hereto and agreements relating hereto, and that we have accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

J. Binding Agreement.

This Agreement will inure to the benefit of and be binding upon us and our successors and assigns and will be binding upon you and your heirs, executors, administrators, successors and authorized assigns.

K. Execution.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective as of the Effective Date.

GOLF ENVY FRANCHISING, LLC, a
California limited liability company

AREA DEVELOPER:

By: _____

Name: _____

Title: _____

*Date: _____

*(This is the Effective Date)

[Name]

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

DEVELOPMENT AREA, DEVELOPMENT SCHEDULE, OWNERSHIP;

OWNERSHIP

1. The **Development Area** is comprised of: _____, as depicted on the map attached hereto. If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

2. The **Development Schedule** is as follows:

<u>Development Period</u>	<u>Number of New Clubs to be Opened During Development Period</u>	<u>Cumulative Number of Clubs to be Operating by End of Development Period</u>
Effective Date to _____	<u>1</u>	<u>1</u>
_____ to _____	<u>1</u>	<u>2</u>
_____ to _____	<u>1</u>	<u>3</u>
_____ to _____	_____	_____
_____ to _____	_____	_____

3. **Ownership.** You were formed on _____, _____, under the laws of the State of _____. The following identifies the owner that you have designated as, and that we have approved to be, the Designated Representative and lists the full name of each person who is one of your owners and fully describes the nature of each owner's interests.

Owner's Name	Type and Percentage of Interest
Designated Representative: _____	_____ %
Other Owners: _____	_____ %
_____	_____ %

MAP OF DEVELOPMENT AREA

GOLF ENVY FRANCHISING, LLC, a
California limited liability company

AREA DEVELOPER:

[Name]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT B

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20__, by the persons indicated below who have executed this Agreement.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the “**Agreement**”) on this date by **Golf Envy Franchising, LLC**, a California limited liability company (“**we**,” “**us**,” or “**our**”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ (“**Developer**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Developer or its owners, and for so long as we have any cause of action against Developer or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Developer, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers. Each of the undersigned further agrees, at our request, to provide the updated financial information to us as may be reasonably necessary to demonstrate his or her ability to satisfy the obligations of the franchise owners under the Agreement.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned’s execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice

of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each of the undersigned acknowledges and represents that he or she has had an opportunity to review the Agreement and agrees that the provisions of Article 9 (Enforcement) have been reviewed by the undersigned and are incorporated, by reference, into and shall govern this Guaranty and Assumption of Obligations and any disputes between the undersigned and us. Nonetheless, each of the undersigned agrees that we may also enforce this Guaranty and Assumption of Obligations and awards in the courts of the state or states in which he or she is domiciled.

By signing below, the undersigned spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	SPOUSE(S)
#1: _____ Sign: _____	#1: _____ Sign: _____
#2: _____ Sign: _____	#2: _____ Sign: _____
#3: _____ Sign: _____	#3: _____ Sign: _____

EXHIBIT D
FINANCIAL STATEMENTS

GOLF ENVY FRANCHISING, LLC
(A Limited Liability Company)

BALANCE SHEET

MAY 16, 2024

GOLF ENVY FRANCHISING, LLC
(A Limited Liability Company)
MAY 16, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members
Golf Envy Franchising, LLC

Opinion

We have audited the accompanying balance sheet of Golf Envy Franchising, LLC (a limited liability company) as of May 16, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Golf Envy Franchising, LLC as of May 16, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

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

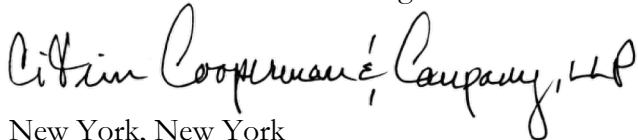
Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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



New York, New York
June 27, 2024

GOLF ENVY FRANCHISING, LLC
(A Limited Liability Company)
BALANCE SHEET
MAY 16, 2024

ASSETS

Cash	\$ <u>100,000</u>
TOTAL ASSETS	\$ <u><u>100,000</u></u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities	\$ -
Commitments (Notes 4 and 5)	
Members' equity	<u>100,000</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u><u>100,000</u></u>

See accompanying notes to financial statement.

GOLF ENVY FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
MAY 16, 2024

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Golf Envy Franchising, LLC (the "Company"), was formed on May 7, 2024, as a California limited liability company, for the purpose of offering and selling "Golf Envy" franchises pursuant to a license agreement dated June 25, 2024, between the Company and Golf Envy, LLC (the "Licensor"), an entity affiliated through common ownership. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Golf Envy" name and system that offers indoor golfing facilities featuring advanced golf simulator bays that allow its members to play full rounds of golf, participate in tournament play, and otherwise practice their game. The Company has not had significant operations from the date of formation through June 27, 2024, the date on which the financial statement was available to be issued, and has not executed any franchise agreements as of that date.

The Company is a limited liability company and, therefore, the members are not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the members has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of a balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Revenue and cost recognition

The Company expects that it will derive substantially all its revenue from franchise agreements related to franchise fee revenue, royalty fees, transfer fees, and marketing fund fees. No such franchise agreements have been executed by the Company as of the date this financial statement was available to be issued.

Franchise fees, royalties and other franchise-related fees

Contract consideration from franchisees is expected to consist primarily of initial or renewal franchise fees, sales-based royalties, marketing fund fees, and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The Company intends to collect an up-front fee for the grant of such rights. The initial franchise fees are nonrefundable and collectable when the underlying franchise agreement is signed by the franchisee. Sales-based royalties and marketing fund fees are payable on a monthly basis. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

GOLF ENVY FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
MAY 16, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Franchise fees, royalties and other franchise-related fees (continued)

The Company's primary performance obligation under the franchise agreement includes granting certain rights to the Company's intellectual property in addition to a variety of activities relating to opening a franchise unit. Those services include training and other such activities commonly referred to collectively as "pre-opening activities." The Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a Company-branded franchise unit. The portion of pre-opening activities that is not brand specific will be deemed to be distinct, as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property, and will therefore be accounted for as a separate performance obligation. All other pre-opening activities are expected to be highly interrelated to the use of the Company's intellectual property and will therefore be accounted for as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company will estimate the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities that are not brand specific will be recognized when those performance obligations are satisfied.

Initial and renewal franchise fees are allocated to the right to access the Company's intellectual property will be recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties will be earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property will be recognized as franchisee sales occur and the royalty is deemed collectible.

Marketing fund

The Company may maintain a marketing fund which will be established to collect and administer funds contributed for use in brand and promotional programs for franchise units. Marketing fund fees will be collected from franchisees based on a monthly fixed-fee up to 2% of franchisees' gross sales. The Company has determined that it acts as a principal in the collection and administration of the marketing fund and therefore will recognize the revenues and expenses related to the marketing fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the marketing fund are highly interrelated and therefore will be accounted for as a single performance obligation.

GOLF ENVY FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
MAY 16, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Marketing fund (continued)

If marketing fund fees exceed the related marketing fund expenses in a reporting period, advertising costs will be accrued up to the amount of marketing fund revenues recognized.

Other revenues

The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Incremental costs of obtaining a contract

The Company will capitalize direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortize them over the term of the franchise agreement.

Accounts receivable

Accounts receivable will be stated at the amount the Company expects to collect. The Company will maintain an allowance for doubtful accounts to estimate expected lifetime credit losses that are based on historical experience, the aging of accounts receivable, consideration of current economic conditions and its expectations of future economic conditions. If the financial condition of the Company's franchisees was to deteriorate or other circumstances occur that result in an impairment of franchisees' ability to make payments, the Company will record additional allowances as needed. The Company will write off uncollectible receivables against the allowance when collection efforts have been exhausted.

Income taxes

As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. Accordingly, no provision has been made for income taxes in the accompanying financial statement, since all items of income or loss are required to be reported on the income tax returns of the members, who are responsible for any taxes thereon.

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at May 16, 2024.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through June 27, 2024, the date on which this financial statement was available to be issued. Except as disclosed in Note 5, there were no other material subsequent events that required recognition or additional disclosure in this financial statement.

GOLF ENVY FRANCHISING, LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
MAY 16, 2024

NOTE 3. CONCENTRATION OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

NOTE 4. MARKETING FUND

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect marketing fund fees up to 2% of franchisees' gross sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. There have been no contributions to the marketing fund as of the date this financial statement was available to be issued.

NOTE 5. RELATED-PARTY TRANSACTIONS

License agreement

On June 25, 2024, the Company entered into a perpetual, non-exclusive, royalty-free license agreement with the Licensor for the use of the registered name "Golf Envy" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to sell "Golf Envy" franchises, and the right to earn franchise fees, royalties and other fees from franchisees.

EXHIBIT E

TABLE OF CONTENTS TO OPERATIONS MANUAL

Course	Title
1. Intro	Operations Manual intro
1. Intro	Founder Video, Introduction, How Golf Envy was Created
1. Intro	What Is Golf Envy, What Do We Specialize In, Core Values, Mission and Vision
1. Intro	How to Use LMS
1. Intro	How to Interact with Field Support and Timeline of Franchisee
2. RE/Site search	RE Timeline Walkthrough
2. RE/Site search	Our Footprint
3. Construction/buildout	Construction Timeline Walkthrough
3. Construction/buildout	Franchisee Role During Construction- with daily, weekly, monthly tasks
3. Construction/buildout	Golf Envy Interior Design- What, Why
3. Construction/buildout	Architecture Process
3. Construction/buildout	Equipment Ordering
3. Construction/buildout	Golfzon Installation
4. Presales	Presales Process and KPIs
4. Presales	Franchisee Role during Presales
5. Lead Gen	Intro and Organic vs Paid
5. Lead Gen	How to Create Great Paid and Organic Content
5. Lead Gen	KPI Breakdown and How to Inspect
5. Lead Gen	How to Use Content Software (Canva)
6. Lead Nurture	Lead Nurture Intro
6. Lead Nurture	Lead Nurture Keys
6. Lead Nurture	Lead Nurture Phone Script Explainer
6. Lead Nurture	Inspect What You Expect Lead Nurture
6. Lead Nurture	How to Use CRM
6. Lead Nurture	How to Gather Lead Nurture KPIs Using Systems
6. Lead Nurture	Phone Call Role Play
7. Sales	Sales Overview
7. Sales	Sales ENVYDEMO
7. Sales	Sales Demo
7. Sales	Sales Pricing
7. Sales	Sales Overcoming Objections and SALES Acronym
7. Sales	Sales Inspect What You Expect
7. Sales	How to Sell Using POS
7. Sales	How to Pull Sales KPIs Using CRM and POS
7. Sales	Role Play Video: ENVYDEMO Role Play
7. Sales	Role Play Video: SALES Acronym
8. Product	Cleaning the Facility
8. Product	Daily Duties
8. Product	Monthly Newsletter
8. Product	Social Membership Newsletter
8. Product	Corporations and Teams
8. Product	The Golf Envy Experience
8. Product	How We Interact with Members
8. Product	Member Orientation
8. Product	Types of Offerings

8. Product	Guest Policy
8. Product	Membership Amenities
8. Product	How Members Access our Club
8. Product	Lockers
8. Product	League Play
8. Product	Social Club
9. Retention/Upsell	Retention and Upsell Intro and Best Practices
9. Retention/Upsell	Retention and Upsell Inspect What You Expect
10. HR	Team Communication Cadence
10. HR	Coaching Conversations
10. HR	Hiring: Posting For Jobs
10. HR	Hiring: Applicant Screening Process
10. HR	Hiring: Interviews
10. HR	Ideal Org Chart and Roles and Responsibilities
10. HR	Employee and Owner Checklists
10. HR	GM/Operator Schedule
11. Finance	Business Success KPIs
11. Finance	Daily, Weekly, Monthly Scorecard
11. Finance	How to Fill Out the Daily, Weekly, Monthly Scorecard
11. Finance	Budgeting and How to Use the Budgeting Tool
11. Finance	How to Breakdown a P&L and Margins
11. Finance	How to Impact P&L
11. Finance	Standard Chart of Accounts
12. Systems/Software	Golfzon App: New Member Setup
12. Systems/Software	Golfzon App: Login
12. Systems/Software	Golfzon App: Member Activity and Stats
12. Systems/Software	Golfzon App: Tournaments
12. Systems/Software	Golfzon App: Member Feeds and Swing Videos
12. Systems/Software	Golfzon App: App Features and Amenities
12. Systems/Software	Golfzon App: Types of Gameplay
12. Systems/Software	Golfzon App: Troubleshooting and Quick Tips
12. Systems/Software	Golfzon Hardware: Hardware Features and Amenities
12. Systems/Software	Golfzon Hardware: Hitting Surfaces and Tee Requirements
12. Systems/Software	Golfzon Hardware: Ball Loading and Clog
12. Systems/Software	Golfzon Hardware: Troubleshooting and Quick Tips
12. Systems/Software	CRM: Setup
12. Systems/Software	CRM: Employee Set Up
12. Systems/Software	CRM: Waivers
12. Systems/Software	CRM: Tailgating System
12. Systems/Software	CRM: How to interact with Vendor
12. Systems/Software	Golf Envy Member App: Member Experience
12. Systems/Software	Golf Envy Member App: Portal Set Up

EXHIBIT F

FRANCHISEE QUESTIONNAIRE

DO NOT COMPLETE OR SIGN THIS QUESTIONNAIRE IF YOU RESIDE, OR INTEND TO OPERATE THE FRANCHISED BUSINESS, IN ONE OR MORE OF THE FOLLOWING STATES:

CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI.

As you know, Golf Envy, LLC (“we,” “us” or “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

Yes____ No____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes____ No____

If “No,” what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

3. Did we make any material changes to the form of Franchise Agreement that was included in the Franchise Disclosure Document you received from us, which were not negotiated with you?

Yes____ No____

If “Yes,” did you receive a copy of the final Franchise Agreement at least seven (7) calendar days prior to signing it?

Yes____ No____

4. Have you received and personally reviewed the Franchise Disclosure Document we provided to you?

Yes____ No____

5. Do you understand all of the information contained in the Franchise Disclosure Document?

Yes____ No____

If “No,” what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

6. Did you receive a copy of the Franchise Disclosure Document at least fourteen (14) calendar days prior to signing any agreement with us or paying us any money or other consideration?

Yes____ No____

7. Have you discussed the benefits and risks of operating a franchised business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes____ No____

8. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors that are outside of our control?

Yes____ No____

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a business operated by us or our franchisees?

Yes____ No____

If “Yes,” please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

10. Has any employee or other person speaking on our behalf made any statement or promise concerning your franchised business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

If “Yes,” please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a franchised business?

Yes____ No____

If “Yes,” please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a business will generate?

Yes____ No____

If “Yes,” please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

13. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a business?

Yes____ No____

If "Yes," please describe the nature of the statements and whom they were made by? (Attach additional pages, if necessary)

14. Were you provided any actual or estimated revenue or sales figures or amounts in connection with any pro forma profit and loss statement that may have been furnished to you by any employee or other person on our behalf?

Yes____ No____

If "Yes," please describe the nature of the statements and whom they were made by? (Attach additional pages, if necessary)

15. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

If "Yes," please describe the nature of the statements and whom they were made by? (Attach additional pages, if necessary)

16. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes____ No____

17. Do you understand that nothing in the Franchise Agreement or in our communications with one another is intended to make, or in fact makes, either you or us a general or limited partner, general or special agent, joint venturer, or employee of the other for any purpose, that the Franchise Agreement does not create a fiduciary relationship between you and us, and that we and you are and will be independent contractors during the term of the Franchise Agreement?

Yes____ No____

18. Do you understand that you, and not the Franchisor, have the duty and obligation to locate and lease a site for the Franchised Business and that the Franchisor's approval of a site is not an assurance, representation or warranty as to the suitability of the Franchised Business's site or the Franchised Business's profitability or success?

Yes____ No____

19. Were you referred to Franchisor or this franchise concept by another individual?

Yes____ No____

If "Yes," did that person make any statement or promise concerning your franchised business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

If "Yes," please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

*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.

By signing this Questionnaire, you agree that you understand that your answers are important to us and that we will rely on them, and you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

Print Name

Date: _____, 20_____

EXHIBIT G

SAMPLE GENERAL RELEASE

GOLF ENVY FRANCHISING, LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Golf Envy Franchising, LLC (“we,” “us,” or “our”) and the undersigned franchisee,

____ (“you” or “your”), currently are parties to a certain franchise agreement (the “**Franchise Agreement**”) dated _____, 20____. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] _____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, owners, directors, managers, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our affiliates, and our and their current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Franchisor Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties, including without limitation, Claims (1) arising out of or related to the Franchisor Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF THE FRANCHISE YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR’S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR’S SETTLEMENT WITH THE DEBTOR.”

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Facility is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the date stated on the first page hereof.

GOLF ENVY FRANCHISING, LLC

Print Name: _____

Title: _____

By: _____

Date: _____

FRANCHISEE

Print Name: _____

Title: _____

By: _____

Date: _____

FRANCHISEE OWNER

Print Name: _____

Title: _____

By: _____

Date: _____

Print Name: _____

Title: _____

By: _____

Date: _____

EXHIBIT H
LIST OF FRANCHISEES

None.

EXHIBIT I

STATE SPECIFIC ADDENDA AND AGREEMENT RIDERS

CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the Franchise Disclosure Document for Golf Envy Franchising, LLC for use in the State of California shall be amended as follows:

Item 3 of the FDD is supplemented to include the following:

Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

Item 17 of the FDD shall be supplemented to include the following:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the franchise agreement and/or area development agreement contains a provision that is inconsistent with the law, the law will California Business & Professions Code Sections 20000 through 20043 provide rights control.

The franchise agreement and/or area development agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

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

Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

You must sign a release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 2000 through 20043).

As per California Rule 310.156.3(a)(3):

OUR WEBSITE, www.golfenvy.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

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

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 and 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.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

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

CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF CALIFORNIA ARE HEREBY AMENDED AS FOLLOWS:

1. Section 31125 of the California Corporation Code requires the Franchisor to give you a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise.
2. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
3. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).
4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This may not be enforceable under California law.
5. The Franchise Agreement requires non-binding mediation followed by litigation. This provision may not be enforceable under California law.
6. 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 and 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 hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

GOLF ENVY FRANCHISING, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

ADDENDUM REQUIRED BY THE STATE OF INDIANA

Neither Golf Envy Franchising, LLC nor any person identified in Item 2 has any material arbitration proceeding pending or has during the ten (10) year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

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 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.

Section 19(j) of the Franchise Agreement is hereby modified to provide that: (i) the acts described in this Section may cause Franchisor irreparable harm; and (ii) Franchisor is entitled to seek (rather than obtain) restraining orders or injunctive relief in accordance with the terms of these Sections without the necessity of posting a bond.

Section 15 of the Franchise Agreement is hereby modified by adding the following subsection after the last subsection thereof:

Indiana Law. The conditions under which this Agreement can be terminated may be affected by Indiana law [IC Stat. Sec. 23-2-2.5 and 23-2-2.7] which provides Franchisee with certain termination rights.

Section 19(f)(2) of the Franchise Agreement is hereby modified such that Franchisor agrees to select as the place for mediation a location within the State of Indiana and the laws of the State of Indiana shall apply to the mediation proceedings.

Any covenant not to compete in the Franchise Agreement which extends beyond the termination of such agreement(s) (whichever are applicable) may not be enforceable under Indiana law.

Notwithstanding anything to the contrary in Section 19(g) of the Franchise Agreement, the laws of the State of Indiana shall govern the construction and enforcement of this agreement.

Section 19(f) of the Franchise Agreement is hereby modified by adding the following text as the last sentence thereof:

This provision shall not in any way abrogate or reduce any rights of Franchisee as provided for under Indiana law including, but not limited to, the right to submit matters to the jurisdiction of the courts of Indiana.

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

We will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit us from requiring litigation to be conducted outside 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Minn. Rule Part 2869.4400(d) prohibits us from requiring that you assent to a general release as set forth in Item 17 of this Disclosure Document. Accordingly, the Sections of the Franchise Agreement regarding your obligation to execute a general release upon assignment or renewal are deleted in their entirety in accordance with Minnesota Rule Part 2860.4400(D).

Nothing in the Disclosure Document, Franchise Agreement or Development Agreement shall affect your rights under Minnesota Statute Section 80C.17, Subd. 5.

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 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.

Section 15 of the Franchise Agreement is hereby modified to add the following subsection after the last subsection therein:

Minnesota Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Minnesota law which provides Franchisee with certain termination and non-renewal rights. Minnesota Statute Section 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that the Franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of the Franchise Agreement.

Section 19(j) of the Franchise Agreement is hereby modified by adding the word "seek to" after the word "to" and before the word "obtain."

Non-Sufficient Funds (NSF) fees are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

Section 19(f) of the Franchise Agreement is hereby modified by adding the following text as the last sentence thereof:

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit us from requiring litigation to be conducted outside 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Section 19(k) of the Franchise Agreement is hereby modified by replacing all references of “one year” time limit to “three years” time limit to institute claims.

Nothing in the Franchise Agreement or Development Agreement is intended to abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C.

ADDENDUM REQUIRED BY THE STATE OF NEW YORK

All references to “Disclosure Document” shall be deemed to include the term “Disclosure Document” as used under New York law.

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 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.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade

regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

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

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

9. 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 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.

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Golf Envy Franchising, LLC shall be amended by the addition of the following language:

The following language is added to the “Summary” section of Item 17(c) entitled **Requirements for the franchisee to renew or extend:**

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

The following language is added to the “Summary” section of Item 17(r) entitled **Non-competition covenants during the term of the franchise.**

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

The following language is added to the “Summary” section of 17(u) entitled **Dispute Resolution by arbitration or mediation:**

To the extent required by North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

The following language is added to the “Summary” section of 17(v) **entitled Choice of forum:**

However, to the extent allowed by North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

The following language is added to the “Summary” section of 17(w) entitled **Choice of law:**

North Dakota law applies.

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 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.

[Signatures on Following Page]

GOLF ENVY FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date Signed: _____

FRANCHISEE

By: _____
Name: _____
Title: _____
Date Signed: _____

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Franchise Agreement and Development Agreement provide that the laws of California apply, the Rhode Island Franchise Investment Law may supersede these agreements because the Rhode Island Franchise Investment Law provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under the Act.”

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 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.

ADDENDUM REQUIRED BY THE STATE OF WISCONSIN

Section 15 of the Franchise Agreement is hereby modified to add the following subsection after the last subsection therein:

Wisconsin Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Wisconsin law, Chapter 135, Wisc. Stats., the Wisconsin Fair Dealership Law.

Section 19 of the Franchise Agreement is hereby modified by adding the following language after the last sentence thereof:

“The Wisconsin Fair Dealership Law supersedes any provision of this Agreement which is inconsistent with that law.”

**RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE
AGREEMENT, AND DEVELOPMENT AGREEMENT**

**FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND,
MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA,
VIRGINIA, WASHINGTON, WISCONSIN (EACH A “REGULATED STATE” AND COLLECTIVELY, THE
“REGULATED STATES”)**

This Rider to State Addendum to the Franchise Disclosure Document and Franchise Agreement (“Rider”) is entered into by and between (i) Golf Envy Franchising, LLC (“Franchisor”), and (ii) _____, a (individual/limited liability company/corporation) with an address at _____ (“Franchisee”).

- A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the “Franchise Agreement,”) and development agreement (as applicable) (“Development Agreement”), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business (the “Franchised Business”) that may be located in, or subject to the regulations of, one of the Regulated States (the “Applicable Franchise Registration State”).
- B. Franchisor and Franchisee wish to amend the Franchise Agreement and Development Agreement (as applicable) as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement and Development Agreement (as applicable) are hereby amended as follows:

1. **NASAA SOP Acknowledgment.** Franchisee and Franchisor hereby acknowledge that the Statement of Policy regarding the use of franchise questionnaires and acknowledgments issued by the North American Securities Administrators Association, Inc. (“NASAA”), which went into effect on January 1, 2023, provides that questionnaires and acknowledgments that are used as contractual disclaimers that release or waive a franchisee’s rights under a state franchise law violate the anti-fraud and/or anti-waiver provisions of the statutes of the Regulated States. Accordingly, while the SOP remains in effect, or until such time as the regulations in the Regulated States are modified to adopt the restrictions on the use of acknowledgements and questionnaires as set forth in the SOP, for prospective franchisees that reside in or are looking to operate a Franchised Business in any Regulated State, the Franchise Agreement and Development Agreement (as applicable) will be amended to include the following provision:

“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 and 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. Except as provided in this Rider, the Franchise Agreement and Development Agreement (as applicable) remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

FRANCHISOR

GOLF ENVY FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

[NAME]

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT J

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Pending
Maryland	Not Registered
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Pending

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

EXHIBIT K

RECEIPTS

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 Golf Envy Franchising, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Golf Envy Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and your State Administrator listed in Exhibit E to this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed in Exhibit F.

I have received a Franchise Disclosure Document with an issue date of July 2, 2024, which contained the following Exhibits:

A: State Administrators/Agents for Service of Process	G: Sample General Release
B: Franchise Agreement	H: List of Franchisees
C: Area Development Agreement	I: State Addenda and Agreement Riders
D: Financial Statements	J: State Effective Dates
E: Table of Contents to Operations Manual	K: Receipts
F: Franchisee Questionnaire	

The name, principal business address and telephone number of each franchise seller offering the franchise: Ryan Wines and Cole Arranaga, Golf Envy Franchising, LLC, 981 W. Arrow Hwy, #401, San Dimas, California 91773, (714) 248-6130.

If an individual:

By: _____

Print Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name of Entity: _____

By: _____

Print Name: _____

Date: _____

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 Golf Envy Franchising, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Golf Envy Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and your State Administrator listed in Exhibit E to this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed in Exhibit F.

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The name, principal business address and telephone number of each franchise seller offering the franchise Ryan Wines and Cole Arranaga, Golf Envy Franchising, LLC, 981 W. Arrow Hwy, #401, San Dimas, California 91773, (714) 248-6130.

If an individual:

By: _____

Print Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name of Entity: _____

By: _____

Print Name: _____

Date: _____