

# FRANCHISE DISCLOSURE DOCUMENT



**SUCCESS Franchising, LLC**  
A Delaware limited liability company  
5473 Blair Rd. Suite 100, PMB 30053  
Dallas, Texas 75231  
Phone: (800) 570-6414  
Email: [ted.laatz@success.com](mailto:ted.laatz@success.com)  
Website: [www.successfranchise.com](http://www.successfranchise.com)

SUCCESS Franchising, LLC offers area representative franchises for the operation of a business that solicits, screens, recruits, trains, supports, inspects and monitors third-party SUCCESS Space franchisees within a designated development territory.

The total investment necessary to begin operation of a SUCCESS Space area representative franchise ranges from \$114,500 to \$169,700. This includes \$77,500 to \$102,500 that must be paid to us and our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 the franchisor at 5473 Blair Rd. Suite 100, PMB 30053, Dallas, Texas 75231 or by phone at (800) 570-6414.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The area representative agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the area representative agreement even though 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. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
6. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

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

**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 document 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 be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**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:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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

The franchised business offered under this Disclosure Document is for a business that involves soliciting, screening, recruiting, training, supporting, inspecting and monitoring SUCCESS Space franchisees within a designated development territory (an “Area Representative Business”). An “Area Representative” refers to a franchisee who owns and operates an Area Representative Business.

To simplify the language in this Disclosure Document, “you” means the person who buys an Area Representative Business and becomes an Area Representative – the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company. “We,” “us” and “the Company” mean SUCCESS Franchising, LLC - the franchisor.

### **Corporate Information**

SUCCESS Franchising, LLC is a Delaware limited liability company that was organized on January 12, 2021. Our principal business address is located at 5473 Blair Rd. Suite 100, PMB 30053, Dallas, Texas 75231. Our telephone number is (800) 570-6414. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than “SUCCESS Franchising, LLC” and our trade name “Success Space”.

### **Business History**

We currently offer franchises for SUCCESS Facilities and Area Representative Businesses. We have never offered franchises in any other line of business. We have never directly owned and operated an Area Representative Business. However, as a franchisor we provide many of the same services as an Area Representative. We have never directly owned and operated a SUCCESS Facility or a Limited Services Facility (described below).

#### *Area Representative Business*

We began offering franchises for Area Representative Businesses in September 2023. An Area Representative Business is described in more detail below.

#### *SUCCESS Space Facilities*

We began offering franchises for a SUCCESS Space shared workspace facility (a “SUCCESS Facility”) in 2021. A SUCCESS Facility is a membership-based shared workspace facility designed for entrepreneurs, small business owners and other individuals seeking a convenient and flexible co-workspace solution. SUCCESS Facilities offer members a variety of flexible rental options combined with access to onsite professional business coaching, virtual communication technology (including 2 media rooms with virtual communications technology used to conduct virtual meetings and podcasts), a limited-service café and various other amenities. SUCCESS Facilities operates under the service marks, trademarks, trade names and logos we authorize, including “SUCCESS Space” (collectively, the “Marks”). A person who purchases a franchise to open and operate a SUCCESS Facility is referred to as a “Franchisee”. Franchises for SUCCESS Facilities are offered under a separate Disclosure Document. As of December 31, 2023, we have sold 22 franchises for SUCCESS Facilities.

#### *Limited Services Facilities*

Our affiliate, Success Space Limited, LLC, has developed and operates a complimentary business model for a limited-scope membership-based shared workspace facility that: (a) operates under the SUCCESS Space trademarks; (b) operates in conjunction with a SUCCESS Facility; (c) provides members with access to temporary workspace; (d) does not include a café or provide members with access to certain amenities that are only available at a full-service SUCCESS Facility; and (e) may not require onsite management or supervision by an employee, manager or representative (a “Limited Services Facility”). Neither we nor any of our affiliates offer franchises or licenses for Limited Services Facilities. They are all operated by our affiliate.

The Limited Services Facility concept was developed to compliment traditional SUCCESS Facilities and maximize market penetration and use by members. Every SUCCESS Space member is permitted to rent workspace at any Limited Services Facility. Limited Facilities do not issue memberships to members. All memberships are issued by traditional SUCCESS Facilities. If a SUCCESS Space member rents space at a Limited Services Facility that is located within a Franchisee’s territory, our affiliate pays the Franchisee a revenue share equal to 10% of the total Usage Revenues that our affiliate collects from the member. “Usage Revenues” refers to the total amount of revenues our affiliate collects from members based upon their usage of workspace within any Limited Services Facility that is located within a Franchisee’s territory, excluding: (a) sales tax, use tax and any other tax our affiliate collects from members; and (b) amounts our affiliate collects but subsequently refunds to members.

**Predecessors, Parents and Affiliates**

We do not have any predecessors. We have the following direct and indirect parent companies:

PARENT COMPANIES		
Name	Principal Business Address	Direct or Indirect Parent?
Success World Holdings, LLC	5473 Blair Rd. Suite 100, PMB 30053 Dallas, Texas 75231	Direct
eXp World Holdings, Inc.	2219 Rimland Drive, Suite 301 Bellingham, Washington 98226	Indirect

We do not have any affiliates that: (a) offer (or have ever offered) franchises in this or any other line of business; or (b) provide products or services to our Area Representative franchisees.

**Description of an Area Representative Business**

The franchised business offered under this Disclosure Document is for an Area Representative Business. Area Representatives must purchase, develop and operate both an Area Representative Business and at least 1 SUCCESS Facility. If we award you a franchise, you must sign: (a) the form of area representative agreement attached to this Disclosure Document as EXHIBIT "C" (the “AR Agreement”); and (b) the form of Franchise Agreement attached to the Disclosure Document we separately provided to you for a SUCCESS Facility (the “Franchise Agreement”). We refer to the Area Representative Business you purchase as your “Business” and the SUCCESS Facility you purchase as your “SUCCESS Facility”.

As an Area Representative, you must provide the following services (“Area Representative Services”) within a defined geographic area (your “Development Territory”):

1. soliciting, screening, recruiting, and referring prospective Franchisees to us (“Franchise Sales Services”);
2. training Franchisees and assisting them with the development and operation of their SUCCESS Facilities (“Franchise Support Services”); and
3. inspecting and monitoring franchised SUCCESS Facilities to ensure compliance with our brand standards and other requirements (“Franchise Monitoring Services”).

*Franchise Sales Services*

You will solicit and screen prospective franchisees to ensure they meet our minimum qualifications and requirements. You will refer qualified prospects to us and we will decide whether to sign Franchise Agreements with them. You may not sign Franchise Agreements with Franchisees. You must open and operate a minimum of 8 SUCCESS Facilities within your Development Territory according to a predetermined development schedule. You may satisfy these development obligations via SUCCESS Facilities opened and operated by you or your affiliate and/or SUCCESS Facilities opened and operated by third-party Franchisees that you recruit and

refer to us. You have the option to develop more than 8 SUCCESS Facilities during the term of the ADA, but only if your Development Territory can sustain the additional SUCCESS Facilities.

Franchise Support Services

If we sign a Franchise Agreement with a Franchisee, you must provide initial and ongoing training to the Franchisee and assist them with the following:

- site selection and lease negotiation
- constructing, developing and equipping their SUCCESS Facility
- sourcing and purchasing the furniture, fixtures, equipment, inventory, operating supplies and other goods and services that we require for the development and operation of a SUCCESS Facility
- developing and implementing a grand opening marketing program
- conducting ongoing advertising, marketing and promotional programs
- acquiring, configuring and utilizing our required technology systems
- general business operational matters

Franchise Monitoring Services

You help us administer the franchise system in your Development Territory by providing the following services:

- monitoring and periodically inspecting SUCCESS Facilities in your Development Territory and providing us with inspection reports
- assisting us in our efforts to enforce the terms of Franchise Agreements against Franchisees who are in breach of their obligations
- assisting us and Franchisees with closures, relocations, renewals and/or transfers of SUCCESS Facilities

In exchange for the services you provide, we pay you the following compensation (your “Commissions”) based on the net initial franchise fees, initial training fees and royalty fees we collect from Franchisees in your Development Territory:

Fee	Commission Paid to Area Representative	
	Founders’ Club Members	Non-Founders’ Club Members
Net Initial Franchise Fees*	50%	35%
Initial Training Fees	75%	75%
Royalty Fees	50%	35%

\* The “net” initial franchise fee means the total amount of the initial franchise fee we collect less any amounts we pay to third-party brokers, in-house commissioned salespeople, online lead generation service companies or other referral sources relating to the sale. It also includes the development fee paid by Franchisees who enter into an Area Development Agreement. With our prior approval, you may engage other brokers, lead generation companies or referral sources to solicit and refer prospective Franchisees to you, but you are solely responsible for their compensation.

We do not pay you Commissions with respect to:

- initial franchise fees, initial training fees or royalty fees we are unable to collect
- initial franchise fees, initial training fees or royalty fees we collect at any time you are in default
- initial training fees and royalty fees based on revenues generated by Franchisees before you are authorized to provide Franchise Sales Services

- any SUCCESS Facility owned by us or our affiliate (we may not open company-owned SUCCESS Facilities in your Development Territory without your permission)
- any Limited Services Facility
- the initial franchise fee and initial training fee you pay us for your first SUCCESS Facility

The specific Area Representative Services you will provide, and our standards, policies, procedures, techniques, strategies and other requirements for providing these services, may be described in more detail in our Area Representative Brand Standards Manual (the “Area Representative Manual”). You must operate your Business in compliance with the AR Agreement and the Area Representative Manual.

### **Founders’ Club Program**

We currently offer a program (the “Founders’ Club Program”) that includes various financial benefits for the first 10 Area Representatives who choose to participate. A qualifying Area Representative who elects to participate in the Founders’ Club Program is referred to as a “Founders’ Club Member”. Founders’ Club Members receive higher Commissions on initial franchise fees and royalty fees (as discussed above) and pay a lower initial development fee (discussed in Item 5). In order to participate, the Founders’ Club Member must: (a) sign the Founders’ Club Amendment attached to this Disclosure Document as EXHIBIT "G"-4; and (b) attend and actively participate in quarterly Founders’ Club meetings to discuss the SUCCESS Space and Area Representative business models and potential enhancements and improvements.

We are still accepting new Founders’ Club Members. We will confirm to you, upon request, whether we are still accepting new Founders’ Club Members at the time you purchase the franchise.

We may provide additional details regarding the Founders’ Club Program in the Manual. We reserve the right to change or discontinue the Founders’ Club Program at any time. There are no Area Representatives as of April 19, 2024.

### **Market and Competition**

As an Area Representative, you will compete with other franchise systems in the shared workspace industry seeking to recruit franchisees within your Development Territory. The franchising industry is well developed and highly competitive. Sales of franchises are not seasonal.

The target market for the goods and services offered by a SUCCESS Facility includes entrepreneurs, small business owners, flex workers, telecommuters and other individuals seeking a convenient and flexible co-workspace solution. The target market for the café is the general public. The market for local flexible office providers, co-working facilities, meeting and training facilities, and flexible office alternatives is developing and demand for these services is growing. We do not expect sales to be seasonal, although we have not confirmed this fact because no Facilities have been open a full year as of April 19, 2024.

Franchisees compete primarily with other co-working facilities, meeting and training facilities, executive suites, coffee shops and retail businesses that offer services and products comparable to those offered by a SUCCESS Facility. Most competitors are independently owned and operated, but others operate through regional or national chains (a few operate under a franchise model). Unlike most shared workspace competitors, SUCCESS Facilities will generally be located in suburban retail areas, which allows them to offer members a convenient and accessible shared workspace solution closer to where they live. We believe the unique blend of services and amenities offered by SUCCESS Facilities also provides a competitive advantage.

### **Laws and Regulations**

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. As an Area Representative, you must comply with certain federal and state laws regulating the offer and sale of franchises. The Federal Trade Commission, and many states, regulate the offer and sale of franchises. Some states also regulate the relationship between franchisors and franchisees and prohibit

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franchisors and their representatives from engaging in abusive or discriminatory practices relating to their treatment of franchisees. You must comply with these laws, including laws regulating franchise advertising, franchise sales practices, franchise disclosure, franchise registration, franchise renewals, franchise terminations, franchise transfers and other franchise related matters. We must also comply with these laws. Some states may require that you and your salespeople (a) file periodic disclosure forms with the states or (b) obtain and maintain a franchise broker registration. In some states, you may need to comply with laws governing the offer and sale of business opportunities or seller assisted marketing plans. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

**ITEM 2 BUSINESS EXPERIENCE**

**Chief Executive Officer: Glenn Sanford**

Glenn Sanford has served as our Chief Executive Officer since our inception in January 2021. He founded EXP Realty, LLC in Bellingham, Washington in July 2008 and has served as its Chairman, CEO, Treasurer, Secretary and Director since March 2013.

**Chief Legal Counsel: James Bramble**

James Bramble has served as our Chief Legal Counsel since our inception in January 2021. During the prior 5 years, he has also held the following positions:

Employer	Location	Title	Period of Time
eXp World Holdings, Inc.	Bellingham, WA	General Counsel and Corporate Secretary	Mar 2019 to present

**President: Ted Laatz**

Ted Laatz has served as our President since our inception January 2021. During the prior 5 years, he has also held the following positions:

Employer	Location	Title	Period of Time
Success Enterprises, LLC	Dallas, TX	Chief Operating Officer	Mar 2021 to Jan 2022
eXp World Holdings, Inc.	Bellingham, WA	VP of Affiliated Services	Apr 2019 to May 2020
Virbela	Bellingham, WA	VP of Events & Affiliate Sales	Apr 2020 to Dec 2020
eXp Realty, LLC	Tampa, FL	eXp Broker	Jun 2017 to Apr 2019

**VP of Franchise Operations: John Hamilton**

John Hamilton has served as our VP of Franchise Operations since June 2021. During the prior 5 years, he has also held the following positions:

Employer	Location	Title	Period of Time
Dunkin Brands Inc.	Canon, MA	Business Development Manager	Oct 2017 to Jun 2021

**Head of Franchise Sales: Andrew Johnson**

Andrew Johnson has served as our Head of Franchise Sales since February 2024. During the prior 5 years, he has also held the following positions:

Employer	Location	Title	Period of Time
Franchise Well	Paradise Valley, AZ	Senior Franchise Development Consultant	Feb 2024 to present
Big Air Franchising	Paradise Valley, AZ	Franchise Development Director	Mar 2023 to present
Area 15 Ventures	Scottsdale, AZ	Franchise Development	Feb 2022 to Mar 2023
American Express National Bank	Scottsdale, AZ	Business Development Consultant	Mar 2019 to Feb 2022

**Franchise Sales Consultant: Shaun Hagopian**

Shaun Hagopian has served as our Franchise Sales Consultant since February 2024. During the prior 5 years, he has also held the following positions:

Employer	Location	Title	Period of Time
Big Air Franchising	Ladera Ranch, CA	Franchise Director	Sep 2021 to present
Franchise Well	Stafford, VA	Franchise Development Consultant	Feb 2024 to present
Area 15 Ventures	Denver, CO	Franchise Development Manager	May 2022 to Feb 2023
The Tutoring Center	Long Beach, CA	Franchise Director	Apr 2020 to Apr 2022
Generation Next Franchise Brands	San Diego, CA	Franchise Development Manager	Jul 2010 to Nov 2019

**Franchise Advisor: Dr. Ben Litalien, Certified Franchise Executive**

Dr. Litalien has served as our Franchise Advisor since our inception in January, 2021. During the prior 5 years, he has also held the following positions:

Employer	Location	Title	Period of Time
Franchise Well, LLC	Stafford, VA	Founder & Principal	Oct 2008 to present
Georgetown University	Washington, DC	Adjunct Instructor (developed and taught franchise management certificate program)	Sep 2008 to present
University of Maryland Global Campus	Adelphi, MD	Adjunct Associate Professor	Oct 2010 to present
Daddy's Chicken Shack Franchising, LLC	Stafford, VA	Chief Development Officer	Feb 2021 to present
POS Franchising, LLC	Stafford, VA	Chief Development Officer	Nov 2022 to present
BidExecs Franchising, LLC	Stafford, VA	Chief Development Officer	Sep 2019 to Dec 2021
Zerorez Franchising System, Inc.	Stafford, VA	Chief Development Officer	Sep 2012 to Aug 2017
		Director	Sep 2017 to Dec 2021
Brain Balance Holdings, Inc.	Stafford, VA	Director	Jun 2016 to present
JIBU Holdings, LLC	Stafford, VA	Director	Jan 2014 to present
Institute of Certified Franchise Executives	Stafford, VA	Board Member	Nov 2015 to Sep 2019

**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****Development Fee**

You pay us a nonrefundable \$100,000 initial development fee in one lump sum at the time you sign the AR Agreement. If you are a Founders' Club Member, the initial development fee is reduced to \$75,000. The development fee is uniformly imposed except for the discount received by Founders' Club Members.

**Initial Training Fee**

You pay us a nonrefundable \$2,500 initial training fee in one lump sum when you sign the AR Agreement. The initial training fee is paid for the initial training program we provide for the development and operation of an Area Representative Business. The initial training fee is uniformly imposed.

**ITEM 6 OTHER FEES**

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Minimum Marketing Expenditure	\$500 per month	As incurred	You must spend these funds on marketing and advertising to promote the franchise opportunity and solicit prospective franchisees within your Development Territory. You pay these amounts to third-party suppliers.
Training Fee	Up to \$500 per person per day (plus Travel Expenses for onsite training)	10 days after invoice	Payable for each person who: (a) attends initial training after you open (such as a new Managing Owner); (b) retakes training after failing a prior attempt; (c) attends remedial training we require due to your operational deficiencies; (d) attends any refresher or additional training; or (e) attends additional training you request. You must also reimburse us for Travel Expenses we incur for training in your Development Territory.
Technology Fee	Varies (currently \$250 per month for sales CRM & microsite)	10 <sup>th</sup> day of month or as otherwise specified by us	This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating/managing relationships with third-party licensors. It does not include amounts you pay to third-party suppliers.

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Conference Registration Fee	Varies (not to exceed \$1,000 per attendee per conference)	10 days after invoice	We may hold conferences to discuss matters affecting Area Representatives. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver, you still pay the conference registration fee and we provide you with a copy of any written materials distributed at the conference.
Purchase of Products and Services	Varies depending on products or services purchased	10 days after invoice	We currently license you the sales CRM and microsite in exchange for the technology fee. Neither we nor any affiliate is currently a supplier for any other items purchased by Area Representatives, but we may designate ourselves or our affiliates as suppliers for other goods and services in the future.
New Product or Supplier Testing	Actual costs we incur to test the product or supplier	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Transfer Fee	\$25,000	At time of Transfer	We do not charge a transfer fee for Permitted Transfers. You pay the transfer fee for all other Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) reveals you committed a material default or (b) is necessary because you fail to send us required information or reports in a timely manner.
Late Fee	\$50 plus default interest at lesser of (a) 24% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of \$50 per incident. In California, default interest is limited to 10% per annum.
Noncompliance fee	Up to \$500 per incident	Upon demand	Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional \$500 fee every 24 hours the noncompliance issue remains uncured after we impose the initial fee.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the AR Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to maintain required insurance or failure to pay suppliers).
Management Fee	Up to \$500 per day plus Travel Expenses	10 days after invoice	If you default under the AR Agreement or the Managing Owner dies, we can designate a temporary manager to manage your Business until you cure the default or find a replacement Managing Owner, as applicable.

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify and reimburse us for any damages, losses or expenses we incur due to the operation of your Business or your breach of the AR Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the AR Agreement or any related agreement.

Notes:

1. **Nature and Manner of Payment:** All fees are imposed by and payable to us except you spend the Minimum Marketing Expenditures directly with third-party suppliers. All fees are nonrefundable and uniformly imposed on Area Representatives. You must establish a designated banking account from which we will electronically debit all amounts you owe (other than fees due within 15 days after signing the AR Agreement). You must submit information about your designated banking account to us through our secure portal. You must deposit all revenue generated by your Business into the bank account and ensure sufficient funds available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you. The fees disclosed in this table do not include the fees imposed under the Franchise Agreement you sign for your SUCCESS Facility. The fees associated with your SUCCESS Facility are disclosed in the Disclosure Document for a SUCCESS Facility that we separately provided to you.

2. **Definitions:** As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

“**Managing Owner**” means the owner you appoint and we approve who has primary responsibility for the overall management and operation of your Business. See Item 15 for additional information.

“**Permitted Transfer**” means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer (other than a Transfer that results in the Managing Owner owning less than 20% of the ownership interests in your Business or the entity that is the “Area Representative” under your AR Agreement); and/or (b) a Transfer to a newly established business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests.

“**Technology Systems**” means all information and communication technology systems that we designate, including computer systems, point-of-sale systems, franchise management systems, webcam systems, telecommunications systems, security systems, music systems, Intranet and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“**Transfer**” means a transfer or assignment of: (a) the AR Agreement (or any interest in the AR Agreement); (b) any ownership interest in the entity that is the “Area Representative” under the AR Agreement; or (c) the Business you conduct under the AR Agreement.

“**Travel Expenses**” means all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Development Territory; or (b) by you or your personnel to attend training programs or conferences.

**ITEM 7 ESTIMATED INITIAL INVESTMENT**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT <sup>1</sup></b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Development Fee	\$75,000 to \$100,000	Lump sum	At time you sign AR Agreement	Us
Initial Training Fee	\$2,500	Lump sum	At time you sign AR Agreement	Us
Training Expenses <sup>2</sup>	\$2,500 to \$4,000	As incurred	During training	Suppliers
Office <sup>3</sup>	\$0 to \$9,000	As incurred	Before opening and 3 months after	Landlord and suppliers
Technology Systems <sup>4</sup>	\$1,800 to \$2,200	Lump sum	Before opening	Suppliers
Insurance <sup>5</sup>	\$1,200 to \$2,500	Lump sum	Before opening	Insurance companies
Business Licenses <sup>6</sup>	\$1,500 to \$2,000	Lump sum	Before opening	Government agencies
Professional Fees <sup>7</sup>	\$5,000 to \$7,500	As incurred	Before opening	Lawyers and accountants
Additional Funds <sup>8</sup> (3 months)	\$25,000 to \$40,000	As incurred	As incurred	Suppliers and employees
<b>Total Estimated Initial Investment <sup>9</sup></b>	\$114,500 to \$169,700			

Notes:

- Financing and Refunds: We do not offer direct or indirect financing for any of these items. No fees paid to us are refundable. We are not aware of any fees payable to third-party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.
- Training Expenses: This estimates your Travel Expenses to send 1 to 3 people to our designated training facility in Flower Mound, Texas for initial training. It does not include salaries or benefits owed to your employees while training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.
- Office: You must purchase or lease an office from which you will administer your Business. Your office must be: (a) located in the Development Territory; and (b) suitable for training and supporting Franchisees. We do not impose any other standards or specifications for your office. Your office may be located within your SUCCESS Facility. However, we may later require that you secure an office that is separate from your SUCCESS Facility if additional space is needed to accommodate franchisee training programs. The estimate above includes 3 months’ rent, security deposit and basic office furniture, equipment and supplies. The low estimate assumes your office will be located within your SUCCESS Facility, in which case you will not incur any additional expense for your office.
- Technology Systems: This includes your initial cost to purchase a laptop or desktop computer. It does not include the cost of any Technology Systems you must purchase for your SUCCESS Facility.
- Insurance: This estimate includes 3 months premium for general liability insurance, cyber liability insurance, commercial umbrella insurance, business interruption insurance, employer’s liability insurance and workers’ compensation insurance for your Business. Insurance costs vary in different locations. If you have employees, you must procure workers’ compensation insurance.
- Licenses: You may need to purchase additional licenses or permits for the operation of your Business. Some states require you to obtain a franchise broker registration before you may conduct Franchise Sales Services

within the state. You are responsible for all costs associated with these licenses, permits and registrations.

7. **Professional Fees:** This includes the estimated fees for professionals you may choose to hire in order to:
- assist you in reviewing this Disclosure Document and negotiating your AR Agreement
  - advise you regarding local laws and regulations applicable to your Business
  - form a business entity
  - set up your books, records and accounts
  - develop a business plan and budget for the development and operation of your Business.

You are required to hire an attorney to advise you franchise disclosure and registration laws applicable in your state. The other services listed above are optional but highly recommended.

8. **Additional Funds:** This estimates your expenses during the first 3 months of operation, including marketing, legal compliance, payroll and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premium are separately stated in the table above. The low estimate assumes you do not hire any employees during the first 3 months of operation. These figures are estimates based on: (a) the prior franchising experience of our principals, consultants and advisors; and (b) the recent experience of our Area Representatives in developing, opening and operating franchised Area Representative Businesses.
9. **Budget and Initial Investment Report:** This table does not include the costs to develop your SUCCESS Facility. Some expenses you incur relating to your SUCCESS Facility will carry over and also cover the same or similar expenses with respect to your Business, including your computer system, training expenses, professional fees, utility deposits and working capital. The table above only lists expenses to develop your Business that are in addition to expenses you incur to develop your SUCCESS Facility. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Business. We may use this data to update the initial investment estimate in our Franchise Disclosure Document.

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

### **Source-Restricted Purchases and Leases - Generally**

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Business. By “source-restricted”, we mean the good or service must meet our specifications (or must be a specific brand or model) and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or our affiliate). The Area Representative Manual will include our specifications and supplier list. We notify you of changes to our specifications and suppliers by email, updates to the Area Representative Manual, bulletins or other means of communication.

### **Supplier Criteria**

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us a written request for approval and submit all additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier’s facilities. We will notify you of our decision within 30 days after we receive your request for approval and all additional information and samples we require. We may periodically re-inspect the facilities and products of any approved

supplier and revoke our approval if the supplier fails to meet our then-current criteria. We will notify you in writing by email or a similar form of communication if we revoke our approval of any suppliers. You must reimburse us for all costs we incur to evaluate products and suppliers you propose.

**Current Source-Restricted Items**

We estimate nearly 95% of the total purchases and leases to establish your Business and 75% of ongoing operating expenses will consist of source-restricted goods or services, as further described below.

*Insurance Policies*

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Area Representative Manual) from licensed insurance carriers with an A.M. Best Rating of A-VII or better, including the following:

<b>Policy Type</b>	<b>Minimum Coverage</b>
Comprehensive General Liability	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Cyber Liability Insurance	\$1,000,000 per occurrence
Umbrella Insurance	\$3,000,000 per occurrence
Business Interruption Insurance	At least 50% of annual revenues or 12 months’ actual loss sustained
Worker’s Comp & Employer Liability Insurance	As required by law (minimum of \$1,000,000 per occurrence)

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide us with at least 30 days’ prior written notice of the termination, expiration, cancellation or modification of the policy.

*Marketing Materials and Services*

All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use, including marketing materials to solicit the sale of franchises. In some states, franchise advertising materials must be filed with a state agency prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you utilize a designated supplier to provide social media marketing on your behalf.

*Technology Systems*

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers.

**Purchase Agreements**

We may, but need not, negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of our Area Representatives. If we succeed, you may purchase these goods or services at the discounted prices we negotiate (less any rebates or other consideration paid to us). As of the date of this Disclosure Document, we have not negotiated any purchase agreements (including pricing terms) with suppliers.

We may purchase items in bulk and resell them to you at our cost plus a reasonable markup. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate. Currently there are no purchasing cooperatives but we may establish them in the future.

## **Franchisor Revenues from Source-Restricted Purchases**

We are currently the exclusive designated supplier for the sales CRM and microsite we provide in exchange for the technology fee. We may designate ourselves and/or our affiliates as approved or designated suppliers for other items in the future. We and our affiliates may generate a profit from these purchases. No person affiliated with us is currently an approved (or the only approved) supplier. There are currently no approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on purchases by Area Representatives and we have no obligation to pass them on to our Area Representatives or use them in any particular manner. We do not have any relationships with suppliers that involve rebates, payments or other material benefits based upon Area Representative purchase or leases.

During the fiscal year ended December 31, 2023, neither we nor our affiliates received any revenue as a result of Area Representative purchases or leases of goods or services from designated or approved suppliers (including purchases from us or our affiliates).

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

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

<b>OBLIGATION</b>	<b>SECTIONS IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
a. Site selection and acquisition/lease	§3.1 & 8.1	Item 7 & Item 11
b. Pre-opening purchases/leases	§3.1, 8, 16.4, 16.5, 16.6 & 19.1	Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	§3.1 & 8	Item 7 & Item 11
d. Initial and ongoing training	§6	Item 6 & Item 11
e. Opening	§8.3	Item 11
f. Fees	§6.9, 9.3, 11, 14.5, 16.4, 16.6, 16.7, 19.1, 20.2 & 23.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	§7.1, 13.2, 13.3, 13.5, 13.7, 14.1, 15.1, 16, 19.6 & 21	Item 11
h. Trademarks and proprietary information	§18.2 & 21	Item 13 & Item 14
i. Restrictions on products/services offered	§16.3	Item 16
j. Warranty and client service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	§13.1	Item 12
l. Ongoing product/service purchases	§16.4	Item 8
m. Maintenance, appearance and remodeling requirements	§16.5	Item 11
n. Insurance	§19.1	Item 6, Item 7 & Item 8
o. Advertising	§13.2	Item 7 & Item 11
p. Indemnification	§22	Item 6

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
q. Owner's participation/management/staffing	§9	Item 11 & Item 15
r. Records/reports	§14.4, 15.2, 15.5, 19.2, 19.3 & 19.4	Item 6
s. Inspections/audits	§20	Item 6 & Item 11
t. Transfer	§23	Item 17
u. Renewal	§5	Item 17
v. Post termination obligations	§25	Item 17
w. Non-competition covenants	§18	Item 17
x. Dispute resolution	§26	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	ATTACHMENT "B"	Item 15

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Business, we will:

1. Provide access to our Area Representative Manual which will help you establish and operate your Business, as discussed below under "Area Representative Manual". (§7.1 & 16.2)
2. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Business and a list of suppliers. We do not deliver or install any items you purchase. (§16.2 & 16.4)
3. Provide a marketing plan for the promotion of franchises and access to approved franchise marketing materials, as discussed below under "Advertising and Marketing". (§7.2)
4. Provide a copy of our then-current form of Franchise Disclosure Document for the offer and sale of SUCCESS Facility franchises. You must familiarize yourself with all information in each version of our Franchise Disclosure Document that we provide to you. (§13.5)
5. Provide an initial training program, as discussed below under "Training Program". (§6.1)

During the operation of your Business, we will:

1. Pay you Commissions based on the net initial franchise fees, initial training fees and royalty fees we collect from Franchisees for SUCCESS Facilities located in your Development Territory. (§12)
2. Provide ongoing consultation, guidance and support pertaining to the Area Representative Services you provide. (§7.6)
3. Provide periodic training programs, as discussed below under "Training Program". (§6.5)
4. Maintain a corporate website to promote our brand and promote the franchise opportunity, as discussed below under "Advertising and Marketing". (§7.3)
5. Develop and maintain a microsite for your Business, which may be linked to our corporate website, to

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promote the franchise opportunity in your Development Territory. (§7.3)

During the operation of your Business, we may, but need not:

1. Provide additional training or assistance you request, as discussed below under “Training Program”. (§6.6)
2. Host periodic conferences to discuss business and legal matters affecting Area Representatives. (§6.8)
3. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§7.5)
4. Create an advisory council, as discussed below under “Advisory Council”. (§17)

**Area Representative Manual** (§7.1, 16.2 & 28.8)

We provide to our Area Representative Manual in text or electronic. The Area Representative Manual may include, among other things:

- legal compliance matters relating to Franchise Sales Services (you remain solely responsible for legal compliance matters and you must hire your own attorney to advise you on these matters)
- a description of the specific Area Representative Services that Area Representatives must conduct
- specifications, techniques, methods, operating procedures and quality standards for the Area Representative Services conducted by Area Representatives
- forms, checklists, evaluation reports, grading systems and other documentation utilized in performing Area Representative Services
- brand enforcement requirements
- a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Business and (b) designated and approved suppliers
- policies and procedures pertaining to: (a) marketing and advertising; (b) reporting; (c) insurance; and (d) data ownership, protection, sharing and use

The Area Representative Manual is designed to establish and protect our brand standards and the uniformity and quality of Area Representative Services conducted by Area Representatives. All mandatory provisions in the Area Representative Manual are binding on you. We can modify the Area Representative Manual at any time, but the modifications will not alter your status or fundamental rights under the AR Agreement. Modifications are effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The Area Representative Manual is confidential and remains our property. The Area Representative Manual includes 42 pages. The Table of Contents is attached to this Disclosure Document as EXHIBIT "D".

**Training Program** (§6)

*Initial Training Program*

We will provide an area representative initial training program for your Managing Owner. You may send other owners to initial training, but it is not required. Our initial training program includes “Franchise Sales Training” and “Franchise Management Training”. Both of these training programs take place at our designated training facility in Flower Mound, Texas, although we reserve the right to designate a different training location and/or conduct training virtually.

Franchise Sales Training introduces you to legal compliance issues pertaining to the offer and sale of franchises and certain operational matters relating to Franchise Sales Services. Franchise Sales Training typically occurs between 30 and 60 days after you sign the AR Agreement and requires 3 days to complete. Your Managing Owner must successfully complete Franchise Sales Training to our satisfaction before you may conduct

Franchise Sales Services.

Franchise Management Training teaches you how to support Franchisees and monitor, inspect and evaluate their operations. Franchise Management Training typically takes place Franchise Sales Training (approximately 30 to 60 days before you begin to provide Franchise Support Services or Franchise Monitoring Services). Franchise Management Training typically lasts 2 days. However, the actual duration of training may vary based on our subjective assessment of your relevant experience and qualifications. Your Managing Owner must successfully complete Franchise Management Training to our satisfaction before you may conduct Franchise Support Services or Franchise Monitoring Services.

As part of the training program, we may, but need not, provide up to 3 days of onsite training in your Development Territory, including assisting you with your first “discovery day” and/or assisting you with providing certain pre-opening support to the first Franchisee for whom you provide Franchise Support Services.

The format for training may include lectures, interactive role playing, conference calls and/or webinars. We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials consist of the Area Representative Manual, franchise marketing materials and our Franchise Disclosure Document. We do not charge you for any of our training materials.

We reserve the right to adjust the topics and/or duration of training based on our subjective assessment of the Managing Owner’s relevant experience, qualifications, skills and abilities. Currently, we intend to offer initial training on a monthly basis, assuming sufficient demand. The initial training program currently consists of the following:

**TRAINING PROGRAM**

<b>FRANCHISE SALES TRAINING</b>			
<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS ON THE JOB TRAINING</b>	<b>LOCATION</b>
General: Understanding the FTC Rule on Franchising	4	0	Flower Mound, TX (or other location we designate)
General: Presenting the SUCCESS Space Franchise Offer	4	4	Flower Mound, TX (or other location we designate)
General: Overcoming Objections	2	2	Flower Mound, TX (or other location we designate)
General: Conducting Discovery Day Sessions	3	3	Flower Mound, TX (or other location we designate)
Total	13	9	

<b>FRANCHISE MANAGEMENT TRAINING</b>			
<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS ON THE JOB TRAINING</b>	<b>LOCATION</b>
Real Estate: Support Center, Site Selection and Real Estate	2	2	Flower Mound, TX (or other location we designate)
General: Support Center Site Visits and Compliance	3	2	Flower Mound, TX (or other location we designate)
Marketing: Sales, Service and Communications	3	0	Flower Mound, TX (or other location we designate)
Total	8	4	

### *Ongoing Training Programs*

From time to time, we may provide periodic refresher or advanced training programs for Area Representatives. Any new Managing Owner you appoint must successfully complete our initial training program before assuming responsibility for the management of your Business. If we determine you are not operating your Business in compliance with the AR Agreement and/or the Area Representative Manual, we may require that the Managing Owner attend remedial training relevant to the operational deficiencies we identify. You may also request that we provide additional training (either at designated training facility or onsite within your Development Territory). We are not required to provide additional training you request.

### *Instructors*

Dr. Ben Litalien, CFE is in charge of our area representative training program. Dr. Litalien, who is a Certified Franchise Executive, provides instruction on all topics. He joined us in 2021 as our Franchise Advisor. From September 2008 to present, Dr. Litalien has taught the Franchise Management Certificate program at Georgetown University as an Adjunct Professor. He has also taught franchising and entrepreneurship courses at the University of Maryland Global Campus since October 2010 as an Adjunct Associate Professor. Dr. Litalien is the founder and principal of Franchise Well, LLC, which is a consulting practice dedicated to the improvement and enhancement of franchising. Franchise Well, LLC has offered a variety of educational and other services to the franchise community since 2008. Dr. Litalien has held various positions, including President, Chief Development Officer and Director, with numerous franchise brands (as further disclosed in Item 2). He has a total of 31 years of franchising experience. Dr. Litalien may use additional or substitute instructors as needed, at his discretion. Any such additional or substitute instructors would have at least 3 years of experience relevant to the subject taught.

### *Training Fees and Costs*

We provide our initial training program in exchange for the \$2,500 initial training fee. We do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters. You must pay us a training fee of up to \$500 per person per day for each person who attends: (a) initial training after your Business opens (such as a new Managing Owner); (b) refresher or supplemental training; (c) retraining (after failing a prior attempt); (d) remedial training; or (e) additional training you request. If we agree to provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all wages and Travel Expenses that you and your trainees incur for training.

### **Site Development** (§8.1)

You must establish a separate office from which you will administer your Business. We do not have any standards or specifications for your office except that it must be suitable for training and supporting Franchisees. Your office may be located within the premises of your SUCCESS Facility.

We do not select a site for your office or identify an area within which you must establish your office. We do not own the premises and then lease it to you. You do not need our approval of the location of your office. However, your office must be located within your Development Territory.

If you lease an office that is separate from your SUCCESS Facility, we do not require that your lease: (a) include any specific terms or conditions; or (b) be approved by us.

We do not require that you secure your office within any period of time after opening or signing the AR Agreement. However, you must secure your office before you begin providing Franchise Support Services.

### **Opening Requirements** (§3 & 8.3)

We expect most Area Representatives will begin conducting Franchise Sales Services within 1 to 3 months after signing the AR Agreement. You may not conduct any Franchise Sales Services until: (a) the Managing Owner

successfully completes Franchise Sales Training; (b) you obtain all required insurance, licenses, permits and broker registrations (if applicable); (c) you satisfy all other pre-opening requirements in the AR Agreement and Area Representative Manual; and (d) we amend our Franchise Disclosure Document to include information about you and complete any required filings with state agencies. Your Business is deemed “open” once you begin providing Franchise Sales Services.

We expect most Area Representatives will begin conducting Franchise Support Services and Franchise Monitoring Services within 2 to 4 months after signing the AR Agreement. You may not begin providing Franchise Support Services or Franchise Monitoring Services until the Managing Owner successfully completes both Franchise Sales Training and Franchise Management Training.

Factors that may affect these time frames include:

- the amount of time needed to secure financing, insurance, licenses, permits and registrations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff
- the amount of time needed to comply with laws and regulations
- the amount of time needed for us to amend our Franchise Disclosure Document to include any required disclosures about you
- if you are in a franchise registration state, the amount of time needed for us to submit Franchise Seller Disclosure Forms or other required filings to state agencies and register (or amend our current registration) of the SUCCESS Facility franchise offering

There is no minimum period of time after signing the AR Agreement or completion of training by which you must begin providing Area Representative Services. However, you must develop and open SUCCESS Facilities in your Development Territory in compliance with your development schedule.

### **Advertising and Marketing** (§7.2, 7.3 & 13.2)

We provide the advertising and marketing support discussed below. We have no obligation to spend any of our own funds to market the SUCCESS Space franchise opportunity in your Development Territory. There is currently no Area Representative advertising council that advises us on marketing and advertising matters.

You must participate at your own expense in all advertising, promotional and marketing programs we require. The AR Agreement does not require you to participate in an advertising cooperative or contribute to a marketing fund. However, each SUCCESS Facility that you own and operate must contribute to the brand and system development fund described in our Franchise Disclosure Document for a SUCCESS Facility on the same basis as other Franchisees (we have not yet implemented the brand fund or begun collecting brand fund contributions).

#### *Our Marketing Support*

We provide reasonable marketing consulting, guidance and support throughout the franchise term on an “as-needed” basis. We provide you with access to a standardized marketing plan for the promotion of franchises and solicitation of prospective Franchisees.

Before you commence Franchise Sales Services, we provide you with online access to approved franchise marketing materials you may download and print at your expense. Throughout the term of your AR Agreement, we will provide you with access to new or updated franchise marketing materials we develop. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase.

#### *Your Marketing Activities*

Each month, you must spend at least \$500 on advertising and marketing to solicit prospective Franchisees and promote the franchise opportunity within the Development Territory. We measure your compliance on a rolling

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6-month basis, meaning as long as your average monthly expenditure on franchise advertising over the 6-month period equals or exceeds \$500 you are deemed in compliance even if your expenditure in any given month is less than \$500.

You must follow all mandatory components of our marketing plan. On an annual basis, you must develop a marketing plan for the development of your Development Territory for the ensuing 12-month period. Your marketing plan must: (a) be consistent with all mandatory components of our marketing plan; and (b) include a marketing budget (which must equal or exceed \$6,000, prorated for any partial year) and specify the manner in which the funds will be spent. We must approve your marketing plan.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve them within the 15-day period constitutes our disapproval. If your Development Territory is located within a franchise registration state (either in whole or in part), or if you include franchise advertising material within a regional or national publication, your advertising may be subject to certain requirements and restrictions imposed under state franchise laws. In some franchise registration states, we must file all franchise advertising materials with the applicable state franchise agency a certain number of days prior to use.

We may require that you administer a regional marketing program and/or marketing cooperative within your Development Territory for the benefit of all SUCCESS Facilities located in your Development Territory. However, we do not currently impose this requirement.

#### *Websites, Social Media and Digital Advertising*

We will maintain a corporate website to promote our brand. Certain areas of our website may promote the franchise opportunity. If our website generates a lead that expresses interest in purchasing a SUCCESS Facility within your Development Territory, we will refer the lead to you (but only if you have fulfilled all obligations necessary in order for you to begin providing Franchise Sales Services and you are in compliance with your AR Agreement). We will also develop and host a microsite for your Business that will promote the franchise opportunity in your Development Territory. We can modify or discontinue our website and/or your microsite at any time.

Under current policy, you may not: (a) develop, host, or otherwise maintain a website (other than the microsite we provide) or other digital presence relating to your Business, including any website bearing any of our Marks; (b) utilize the Internet to conduct digital or online advertising; or (c) otherwise engage in ecommerce. However, we do permit you to conduct franchise advertising through social media provided that:

- you only utilize social media platforms we approve
- you strictly comply with our social media policy, as revised from time to time
- you immediately remove any post we disapprove (even if it complies with our social media policy)
- you utilize any supplier we designate for social media marketing services
- you provide us with full administrative rights to your social media accounts
- we own all social media accounts relating to your Business

#### **Advisory Council** (§17)

We may, but need not, create an Area Representative Advisory Council (ARAC) to provide us with suggestions to improve the franchise system and the method of operation of Area Representatives, including matters such as marketing, operations and support. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on

matters raised by the council. You would have the right to be a member of the council as long as you comply with your AR Agreement and Franchise Agreement(s) and do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would not be a member of the council but we would have the right to participate in the meetings. We have the power to form, change or dissolve advisory councils in our discretion.

### **Computer System** (§16.6)

You must purchase the computer system we specify for the operation of your SUCCESS Facility. This computer system is described in detail in the separate Franchise Disclosure Document delivered to you relating to a SUCCESS Facility.

You must also purchase an additional laptop or desktop computer for use with your Area Representative Business. You must license and use the sales CRM program that we specify. The cost of this program is included as part of the technology fee. The sales CRM program is used to generate and facilitate communications with prospective franchisee leads. The program will collect data regarding prospective franchisees and we will have independent and unlimited access to this data. You are not charged separately for any required updates, upgrades or support. We do not require that Area Representatives use any other specialized computer hardware or software for the Area Representative Business. However, we may impose additional requirements in the future. If we do, there is no limitation on the cost of the computer system, or the cost or frequency of any updates or upgrades, that we may require.

The computer system for your SUCCESS Facility is estimated to cost \$11,000 to \$15,000. The additional laptop or desktop computer you must purchase for your Area Representative Business is estimated to cost \$1,800 to \$2,200. Your computer system will collect various data and information regarding your SUCCESS Facility and its operations, including member data (including names, contact information, credit card information, rental history, purchase history and membership details) as well as operational and employee data (including data relating to sales, inventory, labor, scheduling, accounting and financial reports). We will have (or you must grant us) independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

We will provide you with up to 5 email addresses for use with your Business at no additional charge. You must exclusively use these addresses for all communications with us, Franchisees, suppliers and other persons relating to your Business. You may not use these email addresses for any purpose unrelated to your Business. We will own the email addresses and accounts but will allow you to use them during the term of your AR Agreement.

As further detailed in Item 6, we may require that you pay us a technology fee for certain software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we charge a technology fee of \$250 per month (\$3,000 per year) which covers your sales CRM and microsite.

You must maintain the computer system in good condition at your cost. We may require that you upgrade, update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There is no contractual limitation on the frequency or cost of these updates, upgrades or changes.

## **ITEM 12 TERRITORY**

You will not receive an exclusive Development Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

### **Location of your Office**

You must purchase or lease an office from which you will administer your Business. Your office may be located within the premises of your SUCCESS Facility. You may relocate your office anywhere within your

Development Territory. You must notify us in writing of the new office address prior to relocating.

### **Identification of Your Development Territory**

We identify the boundaries of your Development Territory in Part B of ATTACHMENT "A" to your AR Agreement. You may solicit prospective Franchisees and operate your Business only within your assigned Development Territory. You may not relocate to a new Development Territory. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state and includes a population of approximately 1,000,000. Each development territory is designed to support a minimum of 8 SUCCESS Facilities.

### **Territorial Rights and Limitations**

During the term of your AR Agreement we will not grant area representative rights to any other person for any portion of your Development Territory. However, we reserve the right to: (a) directly solicit, screen, recruit, train, support, inspect and monitor Franchisees within your Development Territory (including Franchisees that develop SUCCESS Facilities within your Development Territory); and (b) engage the services of a third-party franchise broker, franchise sales company, in-house commissioned salespeople and/or utilize any lead generation service that we desire in order to solicit, screen and/or recruit Franchisees within your Development Territory (including Franchisees that establish SUCCESS Facilities within your Development Territory). However, if you have fulfilled all obligations necessary in order for you to provide Franchise Sales Services and you are in compliance with your AR Agreement, we anticipate sending you all franchise leads for your Development Territory. If we solicit the sale of a franchise within your Development Territory during the term of your AR Agreement (either directly or through a third party broker, franchise sales company, in-house commissioned salesperson or lead generation service), we still pay you a commission equal to 35% (or 50% for Founders' Club Members) of the net initial franchise fee we collect from the sale. Similarly, if you have fulfilled all obligations necessary in order for you to provide Franchise Support Services and you are in compliance with your AR Agreement, and we choose to service or support a Franchisee within your Development Territory during the term of your AR Agreement, we still pay you a commission equal to 75% of the initial training fees and 35% (or 50% for Founders' Club Members) of the royalty fees we collect from the Franchisee we service or support.

### **Alternative Channels of Distribution**

We reserve the right to sell, and license others to sell, competitive or identical goods or services in your Development Territory (either under the Marks or different trademarks) through alternative channels of distribution, such as sales over the Internet or through catalogs or telemarketing. If we sell a franchise in your Development Territory through alternative channels of distribution, we pay you your standard commission on the sale as discussed above.

### **Restrictions on Your Sales and Marketing Activities**

You can market the franchise opportunity through approved social media channels subject to the restrictions described in Item 11 under the Section entitled "Advertising and Marketing". You may not market or sell franchises through any other alternative channel of distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your Development Territory, without our prior written permission. In the future, we may require the use of micro-sites that you would administer in accordance with our policies and other requirements.

You can market and advertise the franchise opportunity outside your Development Territory as long as you comply with: (a) any extra-territorial marketing polices we prescribe; and (b) any applicable state franchise law (including any law requiring registration of the franchise offering and/or filing of franchise advertising material before the franchise may be offered or advertised in the state). However, you will not be entitled to any commissions or have any responsibilities with respect to Franchisees located outside your Development Territory.

There are no other restrictions on your right to solicit prospective Franchisees, whether from inside or outside of your Development Territory.

**Minimum Performance Requirements**

You must develop your Development Territory according to the development schedule in your AR Agreement. Specifically, you must ensure that the minimum number of SUCCESS Facilities are opened and operating within the time periods described in the development schedule. Your development schedule is described in Part D of ATTACHMENT "A" to the AR Agreement. If you fail to comply with your minimum development obligations, we have the right to terminate your AR Agreement.

**Additional Territories or Franchises**

You are not granted any options, rights of first refusal or similar rights to acquire additional Area Representative Businesses or development territories.

The AR Agreement gives you the right to purchase additional franchises for SUCCESS Facilities that you may own and operate in your Development Territory.

**Competitive Businesses Under Different Marks**

Currently, neither we nor any affiliate of ours operates or franchises (or intends to operate or franchise) another business under a different trademark that sells products or services similar to the products or services offered by Area Representatives. However, we reserve the right to do so in the future.

**ITEM 13 TRADEMARKS**

We grant you the right to operate your Business, and market franchises, using certain trademarks we designate, including our primary mark “SUCCESS Space”. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Business or a SUCCESS Facility. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in this Item 13. If this happens, you must change to the new trademark at your expense.

Our affiliate, Success Enterprises, LLC (“Success Enterprises”) registered the following trademark on the United States Patent and Trademark Office (USPTO) Principal Register:

REGISTERED MARKS		
Mark	Registration Number	Registration Date (Renewal Date)
SUCCESS	3472209	July 22, 2008 (August 2, 2018)

All required affidavits and renewals have been filed for the registered Mark listed above.

Success Enterprises also applied to register the following trademarks on the Principal Register at the USPTO based on an intent to use:

UNREGISTERED MARKS		
Mark	Serial Number	Application Date
SUCCESS Achievers Community	90610517	March 29, 2021
SUCCESS Achievers	90610520	March 29, 2021
SUCCESS Space*	90610525	March 29, 2021

UNREGISTERED MARKS		
Mark	Serial Number	Application Date
SUCCESS Coaching**	90721911	May 19, 2021

\* This Mark was originally submitted for registration by us. In August 2021, we assigned ownership of the trademark rights for this Mark to Success Enterprises.

\*\* On August 4, 2023, the USPTO issued a Nonfinal Office Action regarding this application. The letter raises a potential likelihood of confusion with 2 registered trademarks, including SUCCESS COACH (Word Mark: Reg. #6020121) and SUCCESS COACH (Design Mark: Reg. #6059814). We submitted a response to the office action and successfully argued there is no likelihood of confusion. The examiner issued a final office actions requesting that we update the domicile address, which we have now submitted. We expect the application will soon be approved for publication.

We do not have a federal registration for the Marks in the table labeled “Unregistered Marks.” Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use any of these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

With respect to the unregistered Marks, Success Enterprises claims common law rights and intends to file declarations of use, declarations of incontestability and renewals when due.

On April 16, 2021, we entered into a License Agreement (as amended effective September 26, 2023, the “License Agreement”) with Success Enterprises. Under the terms of the License Agreement, Success Enterprises granted us the right to use the Marks in the SUCCESS Space franchise system and sublicense the Marks to our Franchisees and Area Representatives. The term of the License Agreement is for 99 years. Success Enterprises is permitted to terminate the License Agreement only if: (a) we breach the License Agreement and fail to cure; (b) we become involvement or subject to bankruptcy or insolvency proceedings; (c) we challenge the validity of, or Success Enterprises’ ownership of, the Marks; or (d) we undergo a change in control. If the License Agreement is terminated, the agreement states that each franchise agreement and AR Agreement granted by us to a Franchisee or Area Representative will continue in full force and effect until the expiration its term, provided that the Franchisee or Area Representative complies with its terms. No other agreements limit our right to use or sublicense use of the Marks.

You must follow our rules when using the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You cannot use the Marks relating to the sale of any product or service we have not authorized.

You must notify us immediately if you discover an infringing use (or challenge to your use or a Franchisee’s use) of the Marks. We will take the action we think appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or Success Enterprises’ right to the Marks.

We will indemnify you against and reimburse you for: (a) all damages for which you are held liable in a judicial or administrative proceeding based on your use of the Marks in compliance with the AR Agreement and Area Representative Manual; and (b) all costs you reasonably incur in defending against any such claim. Our indemnification obligation only applies if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the AR Agreement, the Area Representative Manual and all Franchise Agreements signed by you (or by any affiliate of yours).

Except as disclosed above, the AR Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an

administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; or (c) pending material litigation matters involving any of the Marks; or (d) any infringing uses we are aware of that could materially affect your use of the Marks.

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

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Area Representative Manual, our website or our marketing materials, we do claim a copyright to these items.

During the term of the AR Agreement, we allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of an Area Representative Business. Examples include:

- methods and techniques
- policies, procedures, standards and specifications
- supplier lists and information
- marketing strategies
- financial information
- information comprising the System

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to the operation of an Area Representative Business. We will also own all operational data, Franchisee data and customer data relating to: (a) your Business; and (b) all SUCCESS Facilities. We license you the right to use this data during the term of the AR Agreement. You must treat this data as confidential and proprietary.

We provide access to our confidential information through the Area Representative Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Business in compliance with the AR Agreement and Area Representative Manual. We consider all information in the Area Representative Manual to be confidential. You may not disclose our confidential information to any person, other than your employees on a need-to-know basis, without our prior permission. All of your employees, agents and representatives who may have access to our confidential information must sign the Confidentiality Agreement attached to the AR Agreement as ATTACHMENT "C".

You must promptly notify us if you discover any unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements known to us at this time.

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

You must designate an owner with overall responsibility for the management and operation of your Business (the “Managing Owner”). The Managing Owner must:

- be approved by us
- successfully complete all training programs we require
- monitor and supervise your employees

- dedicate full-time efforts to the Business (unless we waive this requirement in our sole discretion)
- at all times own at least 20% of the ownership interests in (a) your Business or (b) the entity that is the “Area Representative” under your AR Agreement

Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of your Business. Due to the nature of an Area Representative Business, there is no requirement that the Managing Owner provide “on-premises” supervision. Your other owners are not required to directly participate in the operation of your Business.

If the Area Representative is an entity, each owner (i.e., each person holding a direct or indirect ownership interest in the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the AR Agreement as ATTACHMENT "B". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants, covenants that protect our intellectual property and transfer restrictions set forth in the AR Agreement; and (b) guarantee the Area Representative’s financial obligations.

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

You must offer all goods and provide all services we require, including Franchise Sales Services, Franchise Support Services and Franchise Monitoring Services. Without our prior written approval, you may not: (a) offer, sell or provide any other goods or services; or (b) charge Franchisees for any goods or services you provide. You are not permitted to “sell” any goods or services as part of your Business. Instead, we pay you commissions in consideration of the Area Representative Services you provide. At any time, we may change the goods and/or services you are required (or authorized) to provide and you must comply with the change.

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

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
a. Length of the franchise term	§5.1	Term is equal to 10 years.
b. Renewal or extension of the term	§5.1	You do not have the right to renew (subject to state law).
c. Requirements for you to renew or extend	§5.1	You do not have the right to renew (subject to state law).
d. Termination by you	§24.1	You can terminate if we default and fail to timely cure.
e. Termination by us without cause	§24.3	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by us with cause	§24.2	We can terminate if you default.
g. “Cause” defined - curable defaults	§24.2	You have 10 days to cure any monetary default. You have 30 days to cure any other default, other than defaults described below under “non-curable defaults”.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	§24.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; abandonment of Business; failure to maintain required license, permit or registration; conviction of certain types of crimes or subject of certain administrative actions; failure to appoint new Managing Owner who has completed training within 90 days after prior Managing Owner ceases to perform; failure to comply with material law; commission of act that may materially and adversely affect reputation of our system or Marks; material misrepresentations; unauthorized Transfers; unauthorized use of intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement; breach of legal compliance representations; breach of minimum development obligations; 3 or more default notices in any 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default.
i. Your obligations on termination/ non-renewal	§25	Obligations include: cease use of intellectual property; return manuals, branded materials and training materials; assign telephone numbers, listings and domain names; cancel fictitious names; provide files and information on Franchisees; comply with data retention policies; and pay amounts due (also see "r", below).
j. Assignment of contract by us	§23.1	No restriction on our right to assign.
k. "Transfer" by you- definition	§1 (definition of "Transfer") & 23.2	Includes ownership change or transfer of contract or assets.
l. Our approval of transfer by you	§23.2 & 23.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	§23.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses, permits and registrations; agree in writing to assume your obligations under agreements relating to the Business; and sign then-current form of area representative agreement for remainder of term (or at our option, assume your existing AR Agreement).</p> <p>You must: be in compliance with AR Agreement and all Franchise Agreements; pay transfer fee; sign general release (subject to state law); and assign all Franchise Agreements to the transferee (or at our option, transferee must sign then-current form of Franchise Agreement for each transferred SUCCESS Facility) unless we agree to contrary.</p> <p>We must notify you that we will not exercise our right of first refusal.</p>
n. Our right of first refusal to acquire your business	§23.5	We can match any offer for your business.
o. Our option to purchase your business	Not Applicable	Not Applicable.
p. Your death or disability	§23.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate manager to operate the Business prior to Transfer.
q. Non-competition covenants during the term of the franchise	§18.3	No involvement in competing business.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	§18.3 & 25	No involvement for 2 years in competing business within your Development Territory or within 5 miles of any SUCCESS Facility.
s. Modification of the agreement	§28.3 & 28.8	Requires writing signed by both parties (except we may unilaterally change Area Representative Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
t. Integration/ merger clause	§28.8	Only the terms of the AR Agreement and attachments to AR Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and AR Agreement may not be enforceable. Nothing in the AR Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
u. Dispute resolution by arbitration or mediation	§26	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
v. Choice of forum	§26	Subject to state law, mediation, arbitration and litigation must take place in Dallas, Texas.
w. Choice of law	§28.1	Subject to state law, Texas law governs.

## ITEM 18 PUBLIC FIGURES

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

## 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 Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting our President, Ted Laatz, at 5473 Blair Rd. Suite 100, PMB 30053, Dallas, Texas 75231 or by phone at (800) 570-6414.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

<b>TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023</b>				
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
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	0	0
Total Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	0	0

<b>TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023</b>		
<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Total	2021	0
	2022	0
	2023	0

<b>TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023</b>								
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations - Other Reasons</b>	<b>Outlets at End of Year</b>
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

<b>TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023</b>							
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired From Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of Year</b>
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023**

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

A list of all current Area Representatives is attached to this Disclosure Document as EXHIBIT "E" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "E" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every Area Representative who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the area representative agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last 3 fiscal years, no current or former Area Representatives have signed confidentiality clauses that restrict them from discussing with you their experience as an Area Representatives in our franchise system.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee or Area Representative organizations that have asked to be included in this Disclosure Document.

**ITEM 21 FINANCIAL STATEMENTS**

Our fiscal year ends on December 31<sup>st</sup>. Attached to this Disclosure Document as EXHIBIT "F" are audited financial statements of SUCCESS Franchising, LLC for (a) the fiscal years ended December 31, 2023 and December 31, 2022 and (b) the period from January 12, 2021 (inception) through December 31, 2021. In addition, an unaudited balance sheet as of June 30, 2024 and an unaudited profit and loss statement from January 1, 2024 through June 30, 2024 are attached to this Disclosure Document as EXHIBIT "F". Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines. Our fiscal year end is December 31<sup>st</sup>.

**ITEM 22 CONTRACTS**

Attached to this Disclosure Document (or the AR Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

- EXHIBIT "C" Area Representative Agreement
- EXHIBIT "G"-1 State Addenda & Disclosures
- EXHIBIT "G"-2 General Release
- EXHIBIT "G"-3 Founders' Club Amendment

Attachments to AR Agreement

- ATTACHMENT "B" Franchise Owner Agreement
- ATTACHMENT "C" Confidentiality Agreement
- ATTACHMENT "D" ACH Authorization Form

**ITEM 23 RECEIPT**

EXHIBIT "I" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

**EXHIBIT "A"**

**TO DISCLOSURE DOCUMENT**

**STATE AGENCIES AND ADMINISTRATORS**

<p><b><u>CALIFORNIA</u></b> Commissioner of Financial Protection &amp; Innovation Department of Financial Protection &amp; Innovation 320 West 4<sup>th</sup> Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><b><u>HAWAII</u></b> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><b><u>ILLINOIS</u></b> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><b><u>INDIANA</u></b> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p> <p><b><u>MARYLAND</u></b> Office of the Attorney General Securities Division 200 St. Paul Place</p>	<p>Baltimore, Maryland 21202 (410) 576-6360 <u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><b><u>MICHIGAN</u></b> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, MI 48913 (517) 335-7567</p> <p><b><u>MINNESOTA</u></b> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500</p> <p><b><u>NEW YORK</u></b> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 Phone: (212) 416-8222 <u>Agents for Service of Process:</u> Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b> North Dakota Securities Department State Capitol, 5<sup>th</sup> Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p> <p><b><u>RHODE ISLAND</u></b> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>	<p><b><u>SOUTH DAKOTA</u></b> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2<sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563</p> <p><b><u>VIRGINIA</u></b> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9<sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051 <u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1<sup>st</sup> Floor Richmond, Virginia 23219</p> <p><b><u>WASHINGTON</u></b> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 <u>Mailing Address:</u> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507</p> <p><b><u>WISCONSIN</u></b> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555</p>
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**EXHIBIT "B"**

**TO DISCLOSURE DOCUMENT**

**FRANCHISOR'S AGENT FOR SERVICE OF PROCESS**

Delaware Registered Agents  
8 The Green, Suite A  
Dover, Delaware 19901

In states listed in EXHIBIT "A", the additional agent  
for Service of Process is listed in EXHIBIT "A"

**EXHIBIT "C"**  
**TO DISCLOSURE DOCUMENT**  
**AREA REPRESENTATIVE AGREEMENT**

[See Attached]



# AREA REPRESENTATIVE AGREEMENT

Area Representative: \_\_\_\_\_  
Date: \_\_\_\_\_  
Territory: \_\_\_\_\_

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## AREA REPRESENTATIVE AGREEMENT

This Area Representative Agreement (this "Agreement") is entered into as of \_\_\_\_\_, 202\_\_ (the "Effective Date") between SUCCESS Franchising, LLC, a Delaware limited liability company ("we" or "us") and \_\_\_\_\_, a(n) \_\_\_\_\_ ("you").

### Background

- A. We grant franchises for the operation of a shared workspace facility that offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities under name "SUCCESS Space" (a "SUCCESS Facility").
- B. All SUCCESS Facilities operate using our distinct system and method of operation (the "Operating System") as well as our Copyrights, Marks and Know-How (as such terms are defined herein). The distinctive characteristics of our Operating System include, among other things: SUCCESS Space designs, furniture, fixtures and equipment; site selection and layout criteria; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; proprietary and nonproprietary products; quality, distinctiveness and uniformity of products and services; standards, specifications, policies and procedures for facility construction, management and operations; membership model; proprietary SUCCESS Spaceware business management platform; training programs; and advertising and promotional programs.
- C. We developed a system for administering the offer, sale, development, operation and monitoring of franchised SUCCESS Facilities in compliance with our brand standards (the "Franchise System").
- D. We desire to increase the number of franchised SUCCESS Facilities and establish an administrator of the Franchise System within the geographic area described in Part B of ATTACHMENT "A" (the "Development Territory").
- E. You wish to acquire area representative franchise rights for the Development Territory for purposes of soliciting, screening, recruiting, training, supporting, inspecting and monitoring SUCCESS Facility franchisees within the Development Territory, and we are willing to grant you such rights upon the terms and conditions set forth in this Agreement.

### Agreement

1. **DEFINITIONS.** Capitalized terms used in this Agreement have the meanings given to them below:

"Account" means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §11.4.

"ACH Agreement" means the ACH Authorization Agreement attached as ATTACHMENT "D", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

"Agreement" is defined in the Introductory Paragraph.

"Anti-Terrorism Law" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"Area Representative" means a Person that owns and operates an Area Representative Business.

"Area Representative Business" means the franchised business of soliciting, screening, recruiting, training, supporting, inspecting and monitoring Franchisees within a defined development territory.

"Area Representative Entity" means the Entity, if applicable, that: (a) signs this Agreement as the Area Representative (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Area Representative Manual” means the confidential brand standards manual we furnish to Area Representatives pertaining to the operation of an Area Representative Business, which may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

“Area Representative Rights” means the right and obligation to solicit, screen, recruit, train, support, inspect and monitor Franchisees within a defined development territory.

“Area Representative Services” collectively refers to the Franchise Sales Services, Franchise Support Services and Franchise Monitoring Services provided by Area Representatives.

“Area Representative Training” means the initial training program we provide to Area Representatives as further described in §6.1.

“Business” means the Area Representative Business you conduct pursuant to this Agreement, but does not include any SUCCESS Facility operated by you or your affiliate.

“Business Data” means, collectively or individually, Franchisee Data and Operational Data.

“Claim” means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

“Commissions” means the compensation we pay you as further described in §12.

“Competing Business” means any business that meets at least one of the following criteria: (a) any business that is competitive with a SUCCESS Facility and derives, or is reasonably expected to derive, more than 25% of its revenues from the sale or rental of co-working-space or flex-space services or the sale or rental of other similar services; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competitive Business does not include an Area Representative Business or SUCCESS Facility operated pursuant to an area representative agreement or franchise agreement with us.

“Confidentiality Agreement” means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §18.5, the current form of which is attached as ATTACHMENT “C”.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the Franchise System and Operating System; (e) all information within or comprising the Manuals; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you or to an Owner without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow Franchisees and/or Area Representatives to use, sell or display in connection with the marketing and/or operation of a SUCCESS Facility or Area Representative Business.

“Definitive Agreements” means, collectively: (a) this Agreement; (b) each Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Facility or any other franchised concept; and (c) all

ancillary agreements executed in connection with the foregoing, including Franchise Owner Agreements.

“Development Schedule” means the schedule described in §13.1 and Part D of ATTACHMENT "A" for the development of SUCCESS Facilities within the Development Territory during the Term.

“Development Territory” means the protected development territory for your Business, as defined in Recital D and described in Part B of ATTACHMENT "A".

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of Area Representative Rights; or (c) the relationship between the parties.

“Effective Date” is defined in the Introductory Paragraph.

“Entity” means a corporation, partnership, limited liability company or other association or entity.

“Equity Interest” means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

“Evaluation Reports” means the reports you must complete and submit to us in accordance with §15.2 regarding your evaluation of the performance of SUCCESS Facilities within the Development Territory.

“Excluded Claim” means any Claim that, according to §26, is not subject to mandatory mediation or arbitration.

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Business and/or SUCCESS Facilities as a result of such epidemic or pandemic.

“Franchise Advertising” means any advertising, marketing or promotional materials or activities designed to solicit interest in the SUCCESS Space franchise opportunity.

“Franchise Agreement” means a SUCCESS Space franchise agreement for the development and operation of a SUCCESS Facility within the Development Territory that is executed by us and a Franchisee (including you or an affiliate of yours).

“Franchise Disclosure Document” means our franchise disclosure document that applicable Law requires us to prepare and deliver to: (a) an Area Representative in connection with the offer and sale of a franchise for an Area Representative Business; or (b) a Franchisee in connection with the offer and sale of a franchise for a SUCCESS Facility, as the context may require.

“Franchise Monitoring Services” means the services provided by Area Representatives that consist of: (a) inspecting and monitoring SUCCESS Facilities to ensure compliance with Franchise Agreements and the Franchisee Manual; and (b) assisting us with enforcement of the terms of Franchise Agreements and the Franchisee Manual with respect to Franchisees that fail to comply with such terms.

“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §10, the current form of which is attached as ATTACHMENT "B".

“Franchise Sales Services” means the services provided by Area Representatives that consist of soliciting, screening, recruiting and referring prospective SUCCESS Facility franchisees to us.

“Franchise Support Services” means the assistance provided by Area Representatives to Franchisees with site selection, lease negotiation, training, operational guidance and support.

“Franchise System” is defined in Recital C.

“Franchisee” means a Person that owns and operates a SUCCESS Facility pursuant to a Franchise Agreement.

“Franchisee Data” means and includes any and all data that pertains to a Franchisee or a Franchisee’s customers, including, without limitation: (a) Franchisee names, addresses, contact information and financial information; and (b) customer names, addresses, contact information, dates of birth, purchase histories and any information collected in connection with any loyalty program or for any other purpose.

“Franchisee Manual” means the confidential brand standards manual we furnish to Franchisees pertaining to the operation of a SUCCESS Facility.

“Franchisee Training” means the initial training program we provide to Franchisees for the operation of a SUCCESS Facility as further described in §6.1.

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §23.2 in connection with a Transfer.

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

“Governmental Authority” means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold by an Area Representative Business or a SUCCESS Facility, (b) method of operation of an Area Representative Business or a SUCCESS Facility, (c) processes, systems or procedures utilized by an Area Representative Business or a SUCCESS Facility, (d) marketing, advertising or promotional materials, programs or strategies utilized by an Area Representative Business or a SUCCESS Facility, (e) Franchise System or the Operating System, or (f) trademarks, service marks, logos or other intellectual property utilized by an Area Representative Business or a SUCCESS Facility, whether developed by you, your Owners, your employees or any other Person.

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Initial Franchise Fee” means the total amount of the initial franchise fee we collect in connection with the execution of a Franchise Agreement, less any amounts we pay to third-party brokers, in-house commissioned salespeople, online lead generation service companies or other referral sources in connection with the sale. The Initial Franchise Fee also includes the development fee paid by Franchisees who enter into an Area Development Agreement. The Initial Franchise Fee is limited to the initial fee paid for the franchise rights and does not include any other initial fees or payments, such as initial training fees or payments for inventory, equipment, marketing materials, software, technology, supplies or other goods or services.

“Initial Training Fee” means the total amount of the initial training fee we collect in connection with the execution of a Franchise Agreement. It does not include any training fees other than the one-time initial training fee we charge for the pre-opening initial training program.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Franchise System, Improvements, Know-How, Marks and Operating System.

“Interim Manager” means a Person we designate to temporarily manage your Business under the circumstances described in §9.3.

“Interim Term” means a month-to-month extension of the Term under the circumstances described in §5.2.

“IP Dispute” means any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use

(or any Franchisee's use) of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

"Know-how" means our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing and/or operation of a SUCCESS Facility or Area Representative Business, including, but not limited to: architectural plans, drawings and specifications for a prototype SUCCESS Facility; site selection criteria; recipes for menu items; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; information comprising the Franchise System and Operating System; and information included within the Manuals.

"Law" means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

"Losses and Expenses" means and includes any of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

"Managing Owner" means the Owner you designate and we approve with primary responsibility for the overall management and supervision of your Business in accordance with §9.1.

"Manuals" collectively refers to the Franchisee Manual and Area Representative Manual. The Manuals may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks and other electronically stored data.

"Marks" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize SUCCESS Facilities to use, including "SUCCESS," "SUCCESS Space," "SUCCESS Coaching" and the associated logos. The Marks also include any distinctive trade dress used to identify a SUCCESS Space Facility or the products it sells.

"Material Communications" means correspondence and other communications between you and Franchisees that are material to the franchise relationship, as further described in §15.5.

"Minimum Development Obligations" refers to your obligation to develop and open by the opening deadlines set forth in the Development Schedule, and continuously operate throughout the Term, the minimum number of SUCCESS Facilities set forth in the Development Schedule, as further described in §13.1.

"Minimum Qualifications" means the minimum qualifications, experience, characteristics, financial resources and other criteria we establish from time to time for Franchisees, as further described in §13.3.

"Operating System" is defined in Recital B above.

"Operational Data" means and includes all data and information pertaining to the operation of your Business or any SUCCESS Facility operated by you, your affiliate or a Franchisee, including, without limitation, employee data, expense data, financial accounting data and Gross Sales data.

"Owner" means a Person who either: (a) directly signs this Agreement as the Area Representative, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns any Equity Interest in the Area Representative Entity (if the Area Representative under this Agreement is an Entity).

"Permitted Transfer" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner owning less than 20% of the ownership interests in the Business or 20% of the Equity Interest in the Area Representative Entity, as applicable; and/or (b) a Transfer by the Owners to a newly formed Entity in which such Owners collectively own and control 100% of the Equity Interests.

"Person" means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“Post-Term Restricted Period” means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means a period of one (1) year after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner, a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or Area Representative Entity, as applicable; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or Area Representative Entity, as applicable.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 5% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, any of our Franchisees or Area Representatives, the Franchise System, the Operating System and/or any SUCCESS Facility; (c) diverting or attempting to divert any business from us, our affiliate or a Franchisee; (d) inducing any Person to transfer their business from a SUCCESS Facility to a competitor; or (e) inducing any Franchisee or Area Representative to leave the SUCCESS Space system.

“Restricted Territory” means the geographic area within: (a) the Development Territory; (b) a five (5) mile radius from any of your SUCCESS Facilities (and including the SUCCESS Facility’s premises); and (c) a five (5) mile radius from all other SUCCESS Facilities that are operating or under construction as of the Effective Date and remain in operation or under construction during any part of the Post-Term Restricted Period; *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means the geographic area within: (a) the Development Territory; and (b) a five (5) mile radius from any of your SUCCESS Facilities (and including the SUCCESS Facility’s premises).

“Royalty Fee” means the periodic fee collected by us and imposed under a Franchise Agreement that is designated and described as the “royalty fee”. Royalty Fee does not include any other initial or ongoing fee or payment imposed under a Franchise Agreement, including, without limitation, any technology fee or brand and system development fund contribution.

“SUCCESS Facility” is defined in Recital A above.

“Technology Systems” means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, franchise management systems, webcam systems, telecommunications systems, security systems, music systems, Intranet and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Term” means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10<sup>th</sup> anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

“Transfer” means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the Area Representative Rights granted by this Agreement (or any interest therein);
- (c) the Business you conduct pursuant to this Agreement (or any interest therein);
- (d) the right to manage a SUCCESS Facility or occupy its premises;
- (e) the assets used to operate the Business (other than the sale of fixtures or equipment in the

ordinary course of business); or

- (f) an Equity Interest in the Area Representative Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Area Representative Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner, including the Laws of intestate succession.

“*Travel Expenses*” means and includes all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Development Territory; or (b) by you and your personnel to attend training programs or conferences.

“*We*” or “*us*” is defined in the Introductory Paragraph.

“*You*” is defined in the Introductory Paragraph.

2. **GRANT OF AREA REPRESENTATIVE RIGHTS.** We hereby grant you the right, license and obligation to develop, own and operate an Area Representative Business using our Intellectual Property. Your Area Representative Rights are limited to the Development Territory. You may only provide the services expressly authorized by this Agreement and the Area Representative Manual. Without limiting the generality of the foregoing, you do not have any authority to conduct, and you are strictly prohibited from engaging in, any of the following: (a) selling franchises for SUCCESS Facilities; (b) signing Franchise Agreements or other binding agreements with prospective franchisees; (c) committing or otherwise binding us to sell franchises to prospective franchisees; or (d) agreeing to negotiated modifications to any terms within our standard form of Franchise Agreement without our prior written approval.

### 3. DEVELOPMENT OF YOUR SUCCESS FACILITY.

3.1. **Obligation to Own and Operate a SUCCESS Facility.** As an Area Representative, you are obligated to purchase, develop and operate a minimum of one (1) SUCCESS Facility for the duration of the Term of this Agreement. Your SUCCESS Facility must be located within the Development Territory at a site we approve in accordance with the Franchise Agreement.

3.2. **Affiliate Operators.** We may, in our commercially reasonable judgment, permit you to establish separate affiliated companies for purposes of owning and operating your SUCCESS Facilities. If we grant you such permission, you and your affiliates must sign a Guaranty in the form we designate, pursuant to which you and your affiliates guarantee all obligations of you and your affiliates under all Definitive Agreements.

3.3. **Owning Multiple SUCCESS Facilities.** You have the option, but not the obligation, to develop and operate more than one (1) SUCCESS Facility.

3.4. **Execution of Franchise Agreements.** You must sign the Franchise Agreement for your first SUCCESS Facility prior to or concurrently with the execution of this Agreement. You or your affiliate, as applicable, must sign a separate Franchise Agreement for each SUCCESS Facility owned by you or your affiliate. Each Franchise Agreement will be our then-current form of Franchise Agreement. You must pay our then-current initial franchise fee in connection with each Franchise Agreement you sign. We pay you the standard Commission on initial franchise fees you pay; *provided, however*, that no Commission is paid to you with respect to the initial franchise fee you pay in connection with the first Franchise Agreement you sign. Except in connection with your first SUCCESS Facility, we are not required to provide you or your affiliate with any Franchise Support Services or other services you provide to third-party Franchisees under this Agreement. Following the expiration of the Term of this Agreement, you and your affiliates may continue to operate your SUCCESS Facilities pursuant to the Franchise Agreements provided that neither you nor your affiliates are otherwise in default under any Definitive Agreement.

### 4. DEVELOPMENT TERRITORY.

4.1. **Generally.** You must operate your Business solely within the Development Territory. You may only

provide Area Representative Services with respect to SUCCESS Facilities located in the Development Territory.

- 4.2. **Territorial Protections and Limitations.** During the Term we will not grant Area Representative Rights to any other Person for the Development Territory or any portion thereof. This Agreement does not provide you with any other territorial rights or protections within the Development Territory, and any such additional rights or protections would only be granted pursuant to the terms of a Franchise Agreement. We reserve the right to directly conduct and provide Area Representative Services within your Development Territory as long as we pay you any Commissions to which you would have been entitled if you had conducted or provided the services yourself; *provided, however*, that you are not entitled to any Commissions on Royalty Fees we collect at any time that you are not authorized to provide Franchise Support Services. Without limiting the generality of the foregoing, we reserve the right to directly provide Franchise Sales Services (including by engaging the services of third-party franchise brokers or franchise sales companies and/or utilizing third-party lead generation services), Franchise Support Services and/or Franchise Monitoring Services with respect to SUCCESS Facilities located within the Development Territory. We reserve all rights not expressly granted to you.

## 5. TERM AND RENEWAL.

- 5.1. **Term and Renewal.** This Agreement grants you the right to operate your Business only during the Term. You do not have the right to renew this Agreement or enter into a successor Area Representative Agreement.
- 5.2. **Interim Term.** If you continue to operate your Business after the expiration of the Term, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

## 6. TRAINING AND CONFERENCES.

- 6.1. **Initial Training.** Your Managing Owner must successfully complete: (a) our initial training program for the operation of an Area Representative Business ("Area Representative Training"); and (b) our initial training program for the operation of a SUCCESS Facility ("Franchisee Training"). You must complete Franchisee Training in accordance with the terms of the Franchise Agreement you sign. Area Representative Training consists of two (2) components: "Franchise Sales Training" and "Franchise Management Training". As part of Area Representative Training, we may, but need not, provide up to three (3) days of onsite training in your Development Territory with respect to the performance of your duties under this Agreement, including assisting you with: (a) your first "discovery day"; and/or (b) providing pre-opening support to the first Franchisee for whom you provide Franchise Support Services.
- 6.2. **Franchise Sales Training.** Franchise Sales Training is designed to introduce you to: (a) certain legal compliance issues pertaining to the offer and sale of franchises; and (b) certain operational matters pertaining to Franchise Sales Services. Your Managing Owner must successfully complete Franchise Sales Training before you commence providing Franchise Sales Services, including soliciting prospective franchisees or engaging in any substantive discussions with prospective franchisees about the franchise opportunity.
- 6.3. **Franchise Management Training.** Franchise Management Training is designed to teach you how to: (a) support Franchisees by providing Franchise Support Services; and (b) assist us in administering our Franchise System by providing Franchise Monitoring Services. Franchise Management Training is generally held after (and separate from) Franchise Sales Training, although

we reserve the right to provide both Franchise Sales Training and Franchise Management Training at the same time. Your Managing Owner must successfully complete Franchise Management Training before you commence providing Franchise Support Services or Franchise Monitoring Services.

- 6.4. **New Managing Owner**. Any new Managing Owner you appoint and we approve must successfully complete all initial training we require prior to assuming responsibility for the management or operation of your Business.
- 6.5. **Periodic Training**. We may offer periodic refresher or supplemental training programs for your Managing Owner. These training programs may cover any topics we deem relevant to the operation of an Area Representative Business and/or a SUCCESS Facility. We may designate attendance as mandatory or optional.
- 6.6. **Additional Training Upon Request**. Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time.
- 6.7. **Remedial Training**. If we determine you are not operating your Business in full compliance with this Agreement and/or the Area Representative Manual, we may, at our option, require that your Managing Owner attend remedial training relevant to your operational deficiencies.
- 6.8. **Conferences**. We may hold periodic conferences to discuss operational and general business concerns affecting Area Representatives. Attendance is mandatory unless either: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. We may hold Area Representative conferences separately or in conjunction with Franchisee conferences.
- 6.9. **Training Fees and Expenses**. We provide our pre-opening initial training program in exchange for the \$2,500 initial training fee, which is due upon execution of this Agreement. You must pay us a training fee of up to \$500 per Person per day for any Person who: (a) attends our initial training program after you open your Business (such as a new Managing Owner); (b) attends refresher or supplemental training; (c) retakes training after failing a prior attempt; (d) attends remedial training; or (e) attends additional training requested by you. We may charge you a conference registration fee of up to \$1,000 per required attendee per conference. If a required attendee fails to attend a conference without a waiver from us, you must pay us the conference registration fee for that Person despite their non-attendance (we will provide you with a copy of any written materials distributed at the conference). If we agree to provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs your trainees incur for training or attending conferences, including wages, travel, lodging, meals and other living expenses.

## 7. OTHER FRANCHISOR ASSISTANCE.

- 7.1. **Manuals**. We provide you with access to our Area Representative Manual and Franchisee Manual during the Term. The Area Representative Manual is further described in §16.2. You must ensure all Franchisees develop and operate their SUCCESS Facilities in compliance with the Franchisee Manual.
- 7.2. **Marketing Support**. We will provide a marketing plan to help you promote the franchise opportunity and solicit prospective franchisees. The marketing plan may be included in the Area Representative Manual or may be separately communicated to you during initial training. You must follow all mandatory components of our marketing plan. We will provide you with access to approved Franchise Advertising materials, including new or updated Franchise Advertising materials we develop. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create Franchise Advertising materials that you may purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

- 7.3. **Website.** We currently maintain a corporate website for our brand. Certain areas of our website may promote the franchise opportunity. If our website generates a lead that expresses interest in purchasing a SUCCESS Facility within your Development Territory, we will refer the lead to you provided that: (a) you have fulfilled all obligations necessary in order for you to begin providing Franchise Sales Services; and (b) you are in compliance with this Agreement. We do not represent that we will refer any leads to you. As one of the services we currently provide in exchange for the technology fee, we will develop and host a microsite for your Business that will be linked to our corporate website. The microsite will assist you in promoting the franchise opportunity in the Development Territory. We can modify or discontinue our corporate website and/or your microsite at any time.
- 7.4. **Email Addresses.** At no additional charge, we will provide you with up to 5 SUCCESS Space email addresses for use with your Business. If you request additional email addresses, we may charge you our then-current fee for each additional email address you request (this fee would be added to the technology fee described in §16.6). You must exclusively use these email addresses for all communications with us, Franchisees, suppliers and other Persons relating to your Business. You may not use them for any purpose unrelated to your Business. We own the email addresses and accounts but allow you to use them during the Term.
- 7.5. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for Area Representatives. We will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.
- 7.6. **General Guidance.** Throughout the Term, we will provide you with reasonable levels of ongoing consultation, guidance, assistance and support to enable you to provide Area Representative Services in accordance with our standards. We may provide this support remotely via email, telephone calls, video calls or in any other manner we deem appropriate. On a periodic basis, we may inspect your operations and analyze reports you submit to us and provide guidance and recommendations on ways to improve the operation of your Business.

## 8. ESTABLISHING AND OPENING YOUR BUSINESS.

- 8.1. **Area Representative Office.** You must establish an office from which you will administer your Business. Your office must be: (a) suitable for training and supporting Franchisees; and (b) located in the Development Territory. We have no other standards or specifications for your office. Your office may be located within the premises of your SUCCESS Facility. You do not need our approval of the location of your office or the lease for the premises. At any time that you do not have an operational SUCCESS Facility, you must make arrangements with a Franchisee in your Development Territory to enable you to: (a) periodically tour their SUCCESS Facility with prospective franchisees; (b) conduct “discovery days”; and (c) conduct training programs for Franchisees. You must secure your office and notify us of the address no later than the opening date of your first SUCCESS Facility within the Development Territory.
- 8.2. **Permits, Licenses and Registrations.** You must obtain all required permits, licenses and registrations in order for you to lawfully perform Area Representative Services within the Development Territory. All Persons associated with your Business that qualify as “franchise sellers” (as defined by the FTC Franchise Rule) must complete a disclosure questionnaire in the form we designate in order to provide us with: (a) any information we need to incorporate into our Franchise Disclosure Document; and (b) any documentation we must submit to a Governmental Authority before the Person may engage in franchise sales activities within the Development Territory. You must send us completed disclosure questionnaires within 10 days of our request and promptly notify us in writing of any material change to information previously submitted in a disclosure questionnaire, including new litigation and bankruptcy matters. You and your franchise sellers must obtain, and maintain throughout the Term, any franchise broker registration that is required by

applicable Law in order to conduct Franchise Sales Services within the Development Territory.

### **8.3. Commencement of Operations.**

- (a) Franchise Sales Services. You may not begin providing Franchise Sales Services until:
- (i) your Managing Owner successfully completes Franchise Sales Training;
  - (ii) you obtain all licenses, permits, registrations and other approvals from Governmental Authorities that are necessary to lawfully operate the Business;
  - (iii) we amend our Franchise Disclosure Document to include all required information about you and the Owners (if required by applicable Law);
  - (iv) we submit the amended Franchise Disclosure Document and any required franchise seller disclosure forms and obtain an effective amendment to our franchise registration (only applicable if your Development Territory includes one or more franchise registration states or any portion thereof); and
  - (v) you obtain all required insurance coverage.

Your Business is deemed “open” as soon as you begin providing Franchise Sales Services.

- (b) Franchise Support Services and Franchise Monitoring Services. You may not begin providing Franchise Support Services or Franchise Monitoring Services until: (a) you satisfy all conditions in §8.3(a) to provide Franchise Sales Services; and (b) your Managing Owner successfully completes Franchise Management Training. You may not provide initial training to Franchisees until: (i) we certify your SUCCESS Facility as an approved certified training facility; and (ii) you have a certified trainer on staff who has successfully completed all training we require.

## **9. MANAGEMENT AND STAFFING.**

**9.1. Owner Participation.** You must designate an Owner who will have overall responsibility for the management and operation of your Business (the “Managing Owner”). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the Business; and (d) own and control at least 20% of the ownership interests in the Business or Area Representative Entity, as applicable, at all times that he or she serves in the role of Managing Owner. The Managing Owner is responsible for ensuring the Business is operated in accordance with this Agreement and the Area Representative Manual. The Managing Owner must prepare annual business plans for your Business and submit them to us for approval. You may not delegate any portion of the Managing Owner’s responsibilities to any other Person without our prior approval. Any new Managing Owner you appoint and we approve must successfully complete our then-current initial training program before becoming involved with the management or operation of the Business.

**9.2. Employees.** You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist the Managing Owner with the operation of the Business, including franchise salespersons and field consultants. You must ensure your staff maintain any required licenses, permits, broker registrations or other credentials necessary to provide Franchise Sales Services. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use the legal name of your business Entity (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have

sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We do not provide guidance or advice on these matters. You must require that your employees review and sign any acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer.

**9.3. Interim Manager.** We have the right, but not the obligation, to designate an individual of our choosing (an “Interim Manager”) to manage your Business if either: (a) you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you are in material breach. The Interim Manager will cease to manage your Business at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a management fee equal to \$500 per day during the period of time that the Interim Manager manages your Business; and (b) reimburse us for all Travel Expenses incurred by the Interim Manager. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

**10. FRANCHISEE ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Area Representative Entity authorizing the execution of this Agreement, a copy of the Area Representative Entity’s organizational documents and a current Certificate of Good Standing. All Owners and their spouses must sign a Franchise Owner Agreement.

**11. FEES.**

**11.1. Development Fee.** Upon execution of this Agreement you shall pay us a nonrefundable development fee in the amount set forth in Part C of ATTACHMENT "A". The development fee must be paid by cashier’s check, wire transfer or other immediately available funds.

**11.2. Other Fees and Payments.** You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this §11.2. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.

**11.3. Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us \$50 plus default interest on the amount past due at a rate equal to the lesser of 24% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. We will not impose a late fee for any amount paid pursuant to §11.4 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due. This §11.3 shall not constitute our agreement to accept late payments or extend credit to you.

**11.4. Method of Payment.** No later than 15 days after the Effective Date, you must enter all banking information we require through our secure portal and authorize us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date (other than fees due within 15 days after the Effective Date). You must sign all documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit into the Account all revenue you generate from your Business and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §11.3. We may also impose a \$50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

## 12. COMMISSIONS.

**12.1. Commissions.** Except as otherwise provided below, we will pay you the following compensation (your “Commissions”) based on the fees we collect from Franchisees in your Development Territory:

- (i) 35% of the Initial Franchise Fee we collect in connection with each Franchise Agreement that we execute during the Term for a SUCCESS Facility located in the Development Territory (excluding the Initial Franchise Fee paid by you or your affiliate for the first (1<sup>st</sup>) SUCCESS Facility to be owned by you or your affiliate in the Development Territory);
- (ii) 75% of the Initial Training Fees we collect from Franchisees to whom you provide initial training (excluding the Initial Training Fee paid by you or your affiliate for the first (1<sup>st</sup>) SUCCESS Facility to be owned by you or your affiliate in the Development Territory); and
- (iii) 35% of the Royalty Fees we collect during the Term pursuant to each Franchise Agreement for a SUCCESS Facility located in the Development Territory (including SUCCESS Facilities owned by you or your affiliates).

If you choose to engage the services of third-party brokers, online lead generation service companies or other referral sources, you are solely responsible for all fees owed to such brokers, companies and referral sources, meaning that these fees will be paid by you directly out of your Commissions or your other funds. We have complete discretion to determine the amount of the Initial Franchise Fee, Initial Training Fee and Royalty Fee we charge. From time to time we may: (a) negotiate reduced Initial Franchise Fees, Initial Training Fees or Royalty Fees for particular transactions or classes of Franchisees; (b) increase or decrease the amount of the standard Initial Franchise Fee, Initial Training Fee or Royalty Fee; and/or (c) offer financing or installment payment plans with respect to the Initial Franchise Fee. If payment of the Initial Franchise Fee or Initial Training Fee under a Franchise Agreement executed during the Term extends beyond the expiration of this Agreement, we will pay you the associated Commission in the time and manner specified in this Agreement provided that we did not terminate this Agreement prior to its expiration date due to your default. We do not pay you Commissions with respect to:

- (i) Initial Franchise Fees or Royalty Fees we are unable to collect;
- (ii) Initial Franchise Fees or Royalty Fees we collect at any time you are in material default under this Agreement;
- (iii) Royalty Fees based on revenues generated by Franchisees prior to such time that you have satisfied all conditions set forth in §8.3(b);
- (iv) Any SUCCESS Facility operated by us or any affiliate of ours; or
- (v) Initial Franchise Fees and Initial Training Fees paid by you or your affiliate in connection with the first (1<sup>st</sup>) SUCCESS Facility developed by you or your affiliate in the Development Territory.

Except as described above, you are not entitled to Commissions on any other fees or payments made by Franchisees in the Development Territory.

**12.2. Timing for Payment.** We pay your Commissions on or before the 15<sup>th</sup> day of each month for all Initial Franchise Fees and Royalty Fees we collect during the immediately preceding month. Our obligation to pay you a Commission only arises after we collect the associated Initial Franchise Fee or Royalty Fee, as applicable, in good funds. If payment of all or any portion of an Initial Franchise Fee or Royalty Fee is deferred for any reason (including, without limitation, our negotiation of a payment plan, offer of financing, or state-imposed fee assurance or fee deferral condition), our obligation to pay you a Commission with respect to such fee will be deferred accordingly.

### 13. FRANCHISE SALES SERVICES.

**13.1. Development Obligations.** You must develop, open and operate all SUCCESS Facilities referred to in the Development Schedule. Each SUCCESS Facility must be developed and opened in strict compliance with the opening deadlines set forth in the Development Schedule. At all times during the Term, you must ensure the total number of SUCCESS Facilities open and operating within the Development Territory is no less than the minimum number required by the Development Schedule. These obligations are collectively referred to as your “Minimum Development Obligations”. Except as otherwise provided below, every SUCCESS Facility that is opened within the Development Territory during the Term shall be counted towards satisfaction of your Minimum Development Obligations, regardless of whether the SUCCESS Facility is owned by you, an affiliate of yours or a third-party Franchisee. The following SUCCESS Facilities located in the Development Territory, and associated transactions, shall not count towards satisfaction of your Minimum Development Obligations:

- (i) the opening or continued operation of any SUCCESS Facility that was operating, under development or for which a Franchise Agreement had been signed prior to the Effective Date;
- (ii) the opening of any additional SUCCESS Facility(s) by any Franchisee (or its affiliate) pursuant to an Area Development Agreement that the Franchisee (or its affiliate) executed with us prior to the Effective Date;
- (iii) the opening of any SUCCESS Facility owned by us or any affiliate of ours; or
- (iv) the reopening of any SUCCESS Facility that closed on a temporary basis, including temporary closures due to remodeling, government-mandated closures, authorized relocations or for any other reason.

### 13.2. Franchise Advertising.

- (a) Minimum Expenditure. Commencing on the date you complete Franchise Sales Training, you must spend at least \$500 each month on Franchise Advertising within the Development Territory. We measure your compliance with this requirement on a rolling six (6) month basis, meaning as long as your average monthly expenditure on Franchise Advertising over the six (6) month period equals or exceeds \$500, you are deemed in compliance even if your expenditure in any given month is less than \$500. You agree to participate at your own expense in all advertising, promotional and marketing programs that we require.
- (b) Marketing Plan. We provide you with a marketing plan to promote the franchise opportunity and solicit prospective franchisees. You must follow all mandatory components of our marketing plan. On an annual basis, you must prepare a marketing plan customized for the development of your Development Territory during the ensuing 12-month period. Your marketing plan must: (i) be consistent with all marketing requirements in the Area Representative Manual; and (ii) include a marketing budget (which must equal or exceed \$6,000, prorated for any partial year) and specify the manner in which these funds will be spent. At least 60 days before the expiration of each calendar year, you must submit to us for approval your proposed marketing plan for the following year; *provided, however*, that your initial marketing plan must be submitted to us for approval no later than 60 days after completion of Franchise Sales Training.
- (c) Standards for Advertising. All Franchise Advertising you create or use must be completely factual and conform to the highest standards of ethical advertising. You must ensure your Franchise Advertising materials do not infringe upon the intellectual property rights of others.
- (d) Franchise Regulation. You must ensure your Franchise Advertising complies with all applicable Laws. Some state Laws regulate the content of franchise advertising and/or require that franchise advertising be filed with a state agency a certain number of days prior to use. If your Development Territory is located in one of these states, you may not use any Franchise

Advertising material until we confirm it has been filed with the state agency (if filing is required) and any applicable “wait period” (before the material may be used) has expired.

- (e) Approval of Advertising. Prior to use, we must approve all Franchise Advertising materials and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve; and (ii) any materials we prepare or approve and you modify. We must also approve the media you intend to use. You may not use any Franchise Advertising materials, programs or media that: (i) we have not approved; or (ii) we approve and later disapprove. We have 15 days to review and approve or disapprove Franchise Advertising materials, programs and media you submit. Our failure to issue our approval within the 15-day period constitutes our disapproval. Any advertising you propose and we approve will be deemed an “Improvement” for purposes of §21.5.
- (f) Social Media. You may conduct Franchise Advertising through social media provided that:
  - (i) you only utilize social media platforms we approve;
  - (ii) you strictly comply with our social media policy, as revised from time to time;
  - (iii) you immediately remove any post we disapprove, even if it complies with our social media policy;
  - (iv) you contract with and exclusively utilize any supplier we designate for social media marketing;
  - (v) you provide us with full administrative rights to your social media accounts; and
  - (vi) we own all social media accounts relating to your Business.
- (g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your Business, including any website bearing our Marks; (ii) conduct digital or online Franchise Advertising; or (iii) engage in ecommerce. If we grant our approval to maintain a website, you may do so provided that:
  - (i) you obtain our approval of: (a) the website’s domain name (which we will own); (b) the website’s design, layout and webpages; (c) all designs, artwork, graphics and images displayed on the website; (d) all content on the website and all changes thereto; and (e) all uses and manner of display of our Marks;
  - (ii) your website conforms to all of our standards, specifications, policies, procedures and other requirements for websites, whether set forth in the Area Representative Manual or otherwise;
  - (iii) your website does not include any material in which a third party has any direct or indirect ownership interest, including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which a third party may claim intellectual property rights;
  - (iv) you establish and implement a privacy policy that complies with applicable Law; and
  - (v) you include on your website, in the manner we require, all hyperlinks or other links we require.

You will be solely responsible for all costs associated with the development, hosting and maintenance of the website. However, we will be the exclusive owner of: (a) the website and all of its content; and (b) the website’s domain name and associated URL.

**13.3. Screening Franchisees.** You must screen all prospective franchisees to ensure they meet our Minimum Qualifications. We may revise the Minimum Qualifications from time to time in our

discretion. You must interview, screen and investigate all prospective franchisees to determine whether they meet the Minimum Qualifications. You must review credit reports, check references and conduct background investigations, including a review of employment and criminal records and a review of any licensing or credentialing required under applicable Law. Before providing a copy of our Franchise Disclosure Document to a prospect, you must first obtain a completed initial application to ensure the prospect meets any initial qualifications we require as a condition to receiving a Franchise Disclosure Document. We may control the disclosure process ourselves, in which case you may not provide our Franchise Disclosure Document to prospective franchisees.

**13.4. Franchise Solicitations and Representations.** You may not make any representations to a prospective franchisee that are: (a) misleading, incomplete, fraudulent or untrue; or (b) contradicted by any written materials furnished to such prospective franchisee, including the Franchise Disclosure Document. You may not provide a prospective franchisee with any sales information, earning claims, projections or any other information that constitutes a “financial performance representation” within the meaning of the FTC Franchise Rule, unless such information is contained in our Franchise Disclosure Document in effect at the time. You may not provide any financial performance information to prospective franchisees regarding the operation of any SUCCESS Facility operated by you or your affiliates. You may not provide prospective franchisees with any pro-forma budget, business plan, spreadsheet, projection, calculator or tool used to calculate financial performance unless we approve the materials in writing (if we approve them, you may not assist prospective franchisees in completing the forms or review any completed forms prepared by prospective franchisees). With our prior written approval, you may hire third-party brokers or lead generation companies to assist you in soliciting prospective franchisees. However, you are solely responsible for all brokerage and other fees charged by these companies. You must ensure that all representatives of these companies who speak with prospective franchisees:

- (i) are listed on the Receipt Page signed by the prospective franchisee;
- (ii) complete and file with the appropriate Governmental Authority (and promptly furnish us with a copy of) any required Sales Agent Disclosure Form, Franchise Seller Disclosure Form or Franchise Broker Registration Application;
- (iii) promptly notify us and any applicable Governmental Authorities of any material change to the information disclosed on a previously submitted Sales Agent Disclosure Form, Franchise Seller Disclosure Form or Franchise Broker Registration Application; and
- (iv) procure and maintain all required licenses, permits and broker registrations necessary to perform services on your behalf.

**13.5. Franchise Disclosure Process.** It is your responsibility to be aware of and comply with all applicable Laws governing the offer and sale of franchises in your Development Territory. Unless an exemption applies and you obtain our prior written consent, you must provide a copy of our then-current Franchise Disclosure Document to each prospective franchisee in the time and manner required by applicable Law. We will provide you with our most current form of Franchise Disclosure Document for use in your Development Territory (and all modifications and updates thereto). If your Development Territory is located in a state that has a franchise or business opportunity registration Law, you may be prohibited from providing Franchise Sales Services at any time that we do not have a currently effective franchise or business opportunity registration or exemption. We will use commercially reasonable efforts to avoid the lapse of any required state franchise registration or business opportunity exemption, although we have no liability to you for any interruption to your Business caused by a lapse in such registration or exemption. If you are unable to offer franchises due to our failure to maintain a required registration or exemption, we will offer a reasonable modification to your Development Schedule to account for delays in your ability to solicit franchises. You agree to monitor and comply with all newly enacted or amended franchise Laws applicable to your Business, including any Law that requires you to prepare your own Franchise Disclosure Document and/or register the franchise offering. Notwithstanding the above, we reserve the right, in

our discretion, to exclusively control the franchise disclosure process and distribute our Franchise Disclosure Document to prospective franchisees. Accordingly, you may not distribute our Franchise Disclosure Document to prospective franchisees prior to receipt of our written authorization to do so.

- 13.6. Franchise Seller/Broker Obligations.** You agree to provide us with all information we request to prepare our Franchise Disclosure Document and file any required Franchise Seller Disclosure Form, Sales Agent Disclosure Form, Franchise Broker Registration or other comparable report or filing required under applicable franchise Laws, including as specified in §8.2 and §13.4. It is your responsibility to obtain any required franchise broker registration or license at your cost.
- 13.7. Franchise Sales.** If you believe a prospective franchisee meets our Minimum Qualifications, you must notify us of this fact and refer the prospective franchisee to us. You agree to provide us with all information we reasonably request pertaining to the applicant. We may, in our commercially reasonable judgment, refuse to sell a franchise to a prospective franchisee that meets our Minimum Qualifications, in which case we will send you a written notice setting forth the reasons for our decision. We may not refuse to sell a franchise to a prospective franchisee in bad faith. We may condition our approval on the prospective franchisee visiting our headquarters at the prospective franchisee's expense for a face-to-face interview. You agree to cooperate with us and help facilitate any such meeting. You may not accept or agree to any modification of any provision of our standard form of Franchise Agreement proposed by a prospective franchisee. However, you have the limited right to discuss potential negotiated terms with prospective franchisees provided you inform the prospective franchisee that: (a) you have no authority to bind us to any such negotiated terms; and (b) we may approve or reject such negotiated terms in our sole discretion. If we agree to sell a franchise to a prospective franchisee referred by you, you agree to help coordinate and manage the closing, including assisting the prospective franchisee with the proper completion and execution of the Franchise Agreement and related documents.

#### **14. FRANCHISE SUPPORT SERVICES.**

- 14.1. Generally.** The Franchise Agreements obligate us to provide Franchisees with certain support. We have entered into this Agreement with you, in part, to enable us to delegate certain support functions to you. Accordingly, you agree to provide Franchisees with all support services we reasonably request from time to time, including, without limitation, assistance with:
- (i) selecting suitable sites for SUCCESS Facilities that meet our minimum standards and specifications;
  - (ii) negotiating leases with landlords and causing landlords to sign our required Lease Addendum;
  - (iii) constructing, developing and equipping SUCCESS Facilities;
  - (iv) sourcing and purchasing the furniture, fixtures, equipment, inventory, operating supplies and other goods and services we require for the development and operation of a SUCCESS Facility;
  - (v) conducting training programs;
  - (vi) developing and implementing grand opening marketing programs;
  - (vii) conducting ongoing advertising, marketing and promotional programs;
  - (viii) acquiring, configuring and utilizing our required technology systems; and
  - (ix) general business operational matters.

The specific services and support functions you must provide, and our standards, policies, procedures, techniques, strategies and other requirements for providing these services and functions, may be further described in the Area Representative Manual. You may not provide Franchise Support Services before we authorize you to do so in accordance with §8.3(b).

- 14.2. Site Selection.** You must assist Franchisees in finding suitable sites that meet our site selection criteria. We must approve the proposed site (you do not have authority to do so). In providing site selection services, we may require that you (and Franchisees) work in conjunction with a real estate company or professional we designate or approve.
- 14.3. Lease Negotiation.** You must assist Franchisees in negotiating leases with their landlords and ensuring the landlords sign our required Lease Addendum. You may not provide Franchisees with any advice, feedback or other guidance regarding the financial terms of their lease without our prior approval. In providing lease negotiation services, we may require that you (and Franchisees) work in conjunction with a real estate company or professional we designate or approve.
- 14.4. Construction.** You must provide Franchisees with all assistance we specify relating to the construction and equipping of their SUCCESS Facilities as well as sourcing and purchasing the furniture, fixtures, equipment, inventory, operating supplies and other goods and services required for the development and operation of the SUCCESS Facilities. You must monitor all phases of development and provide us with periodic progress reports.
- 14.5. Training.** You must provide Franchisees with all training we require, including initial training, onsite training, refresher training and advanced training. You agree to use your SUCCESS Facility, or a SUCCESS Facility owned by a Franchisee in your Development Territory, as a training facility for Franchisees. You may not conduct initial training until: (a) we certify your SUCCESS Facility as an approved certified training facility; and (b) you have a certified trainer on staff who has successfully completed all training we require. You must offer any initial training programs we require on a basis sufficient to meet your Minimum Development Obligations and comply with the opening timelines set forth in the Franchise Agreements. We may require that Franchisees attend training or conferences we conduct and you must help coordinate and facilitate any such training or conference. Upon your request and at no additional charge, we will provide you with ongoing guidance relating to your training obligations.
- 14.6. Grand Opening Marketing.** You must assist Franchisees in developing grand opening marketing plans to promote the opening of their SUCCESS Facilities. You must ensure these plans are consistent with any grand opening marketing requirements in the Manuals and are approved by us prior to implementation. We may require that you and the Franchisees utilize a company we designate to design and/or implement customized grand opening marketing plans.
- 14.7. Ongoing Marketing.** You must provide Franchisees with reasonable marketing consulting, guidance and support on an as-needed basis. You must assist Franchisees seeking guidance on the development of advertising and marketing materials. You must ensure all such materials comply with the Franchisee Manual and are approved by us prior to use. You must also ensure that Franchisees spend any minimum amount of money required under their Franchise Agreements on approved local marketing and advertising. You must participate in all promotional and marketing activities we require from time to time and ensure Franchisee participation. We may require that you establish, maintain and administer a regional advertising program or facilitate the establishment of regional advertising cooperatives for the benefit of all Franchisees within a particular region.
- 14.8. Technology Systems.** You must provide Franchisees with all assistance we require with respect to the acquisition, installation, configuration, setup and use of our required technology systems. We may require that you provide Franchisees and their staff with initial and ongoing training and support relating to the use of these systems. You must also assist Franchisees with any required transition to new or substitute technology systems.
- 14.9. General Operational Support.** You must provide Franchisees with ongoing support with all aspects of their SUCCESS Facilities other than legal or employment matters. You must be available as a resource for questions and problems raised by Franchisees on operational matters, including, but not limited to:
- (i) inventory management;

- (ii) accounting;
- (iii) preparation and analysis of operational reports and financial statements;
- (iv) sourcing of inventory, equipment or supplies;
- (v) marketing and advertising;
- (vi) technology issues;
- (vii) customer service matters (including responding to and managing customer complaints);
- (viii) opening or closing procedures; and
- (ix) facility maintenance, repairs, remodeling or upgrades; etc.

## 15. FRANCHISE MONITORING SERVICES.

- 15.1. Generally.** You must help us administer the Franchise System within your Development Territory by providing Franchise Monitoring Services. The specific monitoring services and support functions you provide, and our standards, policies, procedures, techniques, strategies and other requirements for providing these services and functions, may be further described in the Area Representative Manual. You may not provide Franchise Monitoring Services before we authorize you to do so in accordance with §8.3(b).
- 15.2. Periodic Inspections.** You agree to inspect and conduct a thorough and complete evaluation of each SUCCESS Facility within the Development Territory on at least a quarterly basis in accordance with the standards and procedures we prescribe. However, you must conduct inspections on a more frequent basis (as often as may reasonably be necessary or prudent) with respect to any SUCCESS Facility that is underperforming or in default. In connection with each inspection, you must prepare a report that includes all information we reasonably require (an "Evaluation Report") and submit the Evaluation Report to us within the period of time we specify. We may prescribe the form of Evaluation Report you use, including a "grading system" for each evaluation and information for the development of a plan to improve operations based on the results of the evaluation. You must use reasonable efforts to ensure all SUCCESS Facilities in your Development Territory achieve satisfactory grades on their Evaluation Reports.
- 15.3. Enforcement.** Upon our request, you must help us enforce the terms of Franchise Agreements and the Franchisee Manual with respect to Franchisees that fail to comply with such terms. You must monitor the Franchisee's response to any notice of default and track their progress in attempting to cure the default. You agree to utilize reasonable efforts to assist and guide the Franchisee in curing the default. You must document all noncompliance matters, including actions taken by Franchisees to cure noncompliance matters and all related communications with Franchisees.
- 15.4. Closures, Relocations, Renewals and Transfers.** You must provide all assistance we require in connection with the closure, relocation, renewal or transfer of SUCCESS Facilities in the Development Territory.
- 15.5. Material Communications.** You must keep a record of all correspondence and other communications between you and Franchisees relating to any of the following: (a) a breach (or alleged breach) of the terms of a Franchise Agreement or failure to comply with any mandatory provision of the Franchisee Manual; (b) the potential termination, renewal (or non-renewal) or transfer of a Franchise Agreement; or (c) any other matter that is material to the franchise relationship (collectively, "Material Communications"). You must prepare a written summary of all verbal Material Communications. You must send us a copy all Material Communications (or a written summary thereof) within five (5) days after the occurrence of the Material Communication.

## 16. STANDARDS OF OPERATION.

- 16.1. Generally.** You must: (a) comply with the uniform standards we establish from time to time; and (b)

require all Franchisees in the Development Territory to comply with such standards. You agree to implement and support the Operating System in the Development Territory so as to maintain and enhance uniform standards of operation throughout the entire Franchise System. In order to preserve and enhance the reputation and goodwill associated with the Operating System and the Marks, you must: (a) provide Franchisees with prompt, courteous and efficient services and support; and (b) act honestly, fairly and ethically when dealing with Franchisees, suppliers, customers or other Persons.

**16.2. Area Representative Manual.** You must develop and operate your Business in compliance with the Area Representative Manual, which may contain, among other things:

- (i) legal compliance matters relating to Franchise Sales Services (you remain solely responsible for legal compliance matters and you must hire your own attorney to advise you on these matters);
- (ii) a description of the specific Area Representative Services that Area Representatives must conduct;
- (iii) specifications, techniques, methods, operating procedures and quality standards for the Area Representative Services conducted by Area Representatives;
- (iv) forms, checklists, evaluation reports, grading systems and other documentation utilized in performing Area Representative Services;
- (v) brand enforcement requirements;
- (vi) a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Business and (b) designated and approved suppliers; and
- (vii) policies and procedures pertaining to: (a) marketing and advertising; (b) reporting; (c) insurance; and (d) data ownership, protection, sharing and use.

The Area Representative Manual is designed to establish and protect our brand standards and the uniformity and quality of the Franchise System and the Area Representative Services provided by Area Representatives. We can modify the Area Representative Manual at any time. Modifications are binding at the time we notify you of the change, subject to any “grace period” we provide to implement the change. All mandatory provisions in the Area Representative Manual are binding on you.

**16.3. Authorized Goods and Services.** You must offer all goods and services and provide all services we require, including all required Franchise Sales Services, Franchise Support Services and Franchise Monitoring Services. You must perform these services in the manner we specify. You may not provide Franchisees with any other products or services without our approval. You may not sell any goods or services in connection with your Business. Without limiting the generality of the foregoing, you may not charge or collect any fees or other amounts for the products or services you provide to Franchisees without our prior written approval, which we may withhold in our discretion. Instead, we pay you Commissions in consideration of the Area Representative Services you provide. You may not offer, sell or provide any goods or services we have not approved. At any time, we may change the goods or services you must offer, sell or provide and you must comply with the change.

**16.4. Suppliers and Purchases.** You must purchase or lease all products, supplies, equipment, services and other items specified in the Area Representative Manual. The Area Representative Manual may require that you purchase certain goods and services only from suppliers we designate or approve, which may include, or be limited exclusively to, us or our affiliate. Similarly, you must ensure that Franchisees purchase or lease all source-restricted products, supplies, equipment, services and other items specified in the Franchisee Manual from suppliers we designate or approve. Designated and approved suppliers are identified either in the Area Representative Manual (for your source restricted purchases) or the Franchisee Manual (for source restricted purchases made by Franchisees). Our right to specify the suppliers that you and Franchisees may use is necessary so we can control the

uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Area Representative Businesses and SUCCESS Facilities, protect our trade secrets, negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the Operating System, the Franchise System and the Marks. We have no liability to you or to Franchisees for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or approve, provided that we exercise our discretion in good faith in designating or approving such supplier. If we receive rebates or other financial consideration from suppliers based on your (and/or Franchisee) purchases we have no obligation to pass these amounts on to you (or any Franchisee) or use them for any particular purpose. If you wish for us to approve a supplier proposed by you or a Franchisee, you must send us a written request for approval specifying the supplier's name and qualifications and provide all additional information we request. We will approve or reject your request within 30 days after we receive your request and all information and samples we require. We are deemed to have rejected your request if we fail to issue our approval within the 30-day period. You or the Franchisee, as applicable, must reimburse us for all costs and expenses we incur to review proposed suppliers or products.

**16.5. Equipment Maintenance and Changes.** You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment. Our right to require significant equipment changes is critical to our ability to administer and change the Franchise System and you must comply with these changes within the time period we reasonably specify.

**16.6. Technology Systems.**

- (a) **Generally.** You must acquire and utilize all Technology Systems that we specify from time to time. Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, franchise lead generation and management, marketing, communications, copying, printing, scanning, or any other business purpose we deem appropriate. We may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.
- (b) **Use and Access.** You must utilize your Technology Systems in accordance with the Area Representative Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected through your Technology Systems. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.
- (c) **Disruptions.** You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.
- (d) **Fees and Costs.** You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the

Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. We also reserve the right to include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and the associated constituent components, negotiating with third-party licensors and managing those relationships, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The “technology fee” includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts you pay directly to third-party suppliers. The technology fee is due on the 10<sup>th</sup> day of each month or as we otherwise specify. We will list the current technology fee in the Manuals.

**16.7. Failure to Comply with Standards.** You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the Franchise System, the success and satisfaction of our Franchisees, and the goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to correct the noncompliance within the period of time we prescribe, then in addition to any other remedies available to us under this Agreement, we may impose a noncompliance fee of \$500 per occurrence. We may impose an additional \$500 fee every 24 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If we take steps to cure a default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then you must reimburse us for all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Our acceptance of noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §24 if the default continues after we collect these amounts.

**17. AREA REPRESENTATIVE ADVISORY COUNCIL.** We may, but need not, create an Area Representative Advisory Council (ARAC) to provide us with suggestions to improve the Franchise System and the method of operation of Area Representatives. We consider all suggestions in good faith but are not bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives to communicate with us on matters raised by the council. You would have the right to be a member of ARAC as long as you comply with all Definitive Agreements and do not act in a disruptive, abusive or counterproductive manner, as determined by us. As a member, you would be entitled to all voting rights and privileges granted to other council members. Each member would have one (1) vote on all matters on which members are authorized to vote. We may form, change or dissolve the council in our discretion.

**18. BRAND PROTECTION COVENANTS.**

**18.1. Reason for Covenants.** The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our Franchise System and Operating System because you and the Owners received an

advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §18 to protect the Intellectual Property, the Franchise System and the Operating System.

- 18.2. Intellectual Property and Confidential Information.** You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Business pursuant to this Agreement; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement except to the extent authorized by a Franchise Agreement that remains in good standing (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).
- 18.3. Unfair Competition.** You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located within, and does not provide competitive goods or services within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.
- 18.4. Family Members.** Because (a) an Owner could circumvent the purpose of §18 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §18 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.
- 18.5. Employees.** You must ensure all employees, officers, directors, partners, members, independent contractors and other Persons associated with you or your Business sign and send us a Confidentiality Agreement before they are given access to any Confidential Information. You must: (a) use best efforts to ensure these individuals comply with the Confidentiality Agreements; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Confidentiality Agreement, including attorneys' fees and court costs.
- 18.6. Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §18 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with respect to other Area Representatives and Franchisees benefits you and the Owners by preventing others from unfairly competing with your Business; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §18.
- 18.7. Breach of Covenants.** You and the Owners agree that: (a) any failure to comply with §18 is likely to cause substantial and irreparable damage to us and/or other Area Representatives and Franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breaches §18, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be

combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

## **19. YOUR OTHER RESPONSIBILITIES.**

**19.1. Insurance.** For your protection and ours, you agree to maintain the following insurance policies:

- (i) comprehensive general liability insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate, including premises, operations, products and completed operations, broad form property damage, broad form contractual liability, personal injury, advertising liability, with no exclusion for third-party delivery service (this coverage must also include sexual misconduct liability coverage for not less than \$100,000 per occurrence and \$300,000 in the aggregate);
- (ii) cyber liability insurance containing minimum liability protection of \$1,000,000 per occurrence for all first and third-party data breaches, including identify theft, phishing attacks, social engineering, ransomware and data response/crisis management expenses;
- (iii) commercial umbrella insurance containing minimum liability protection which brings the total of all primary underlying coverages to at least \$3,000,000 total limit of liability;
- (iv) business interruption insurance in an amount not less than adequate to pay for the monthly rent reserved under any real property lease or sublease, equipment lease or sublease, sign lease or sublease, royalties, and other continuing expenses for a limit of 50% of annual sales or 12 months actual loss sustained basis and an extended period of indemnity for not less than 180 days;
- (v) statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least \$1,000,000, and such other disability benefits type insurance required by Law (you must acquire and maintain such insurance for all of your employees prior to any employee commencing any training with us);
- (vi) any other insurance required by Law; and
- (vii) any other insurance we specify in the Area Representative Manual from time to time.

You must provide us with proof of coverage: (a) before you commence providing any Area Representative Services; (b) upon each anniversary of the Effective Date of this Agreement; (c) within 10 days of the renewal of a policy; and (d) at any other time on demand. You must obtain these policies from licensed insurance carriers with an A.M. Best Rating of at least A-VII according to the Key Rating Guide most recently published by A.M. Best Company. All policies must be primary and non-contributory to any insurance we carry. Each policy (other than worker's compensation) must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance, including excess liability (umbrella) insurance, due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse us for all premiums and costs we incur.

**19.2. Books and Records.** You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. Your books and records must include all: (a) reports you receive from Franchisees; (b) correspondence with Franchisees; (c) Evaluation Reports; (d) Material Communications; and (e)

other information specified in the Area Representative Manual. You must send us copies of your books and records, at no cost to us, within seven (7) days of our request.

**19.3. Reports.** You must prepare all reports we request in the form and manner we specify and send us a copy upon request. We may independently access your Technology Systems to retrieve and compile any Business Data we deem appropriate.

**19.4. Financial Statements.** Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet for your Business (as of the end of the calendar year) and profit and loss statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of these financial statements upon request. You hereby authorize us to disclose Operational Data to prospective Area Representatives, Governmental Authorities and other Persons for any reasonable business purpose unless prohibited by applicable Law.

**19.5. Legal Compliance.** You must: (a) secure and maintain all required licenses, permits and regulatory approvals; (b) operate your Business in compliance with all applicable Laws, including franchise disclosure, registration and relationship Laws; (c) notify us in writing within two (2) business days after you become aware of any Claim, or any order, demand or disciplinary action issued by a Governmental Authority, that may adversely affect the operation of your Business; and (d) immediately send us a copy of any inspection report or other communication from a Governmental Authority alleging violation of a health or safety Law.

**19.6. Ownership and Protection of Data.** We are the exclusive owner of all Business Data, whether collected by you or any other Person. We grant you a license to utilize the Business Data solely for purposes of operating your Business in compliance with this Agreement. You must protect all Franchisee Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You agree to: (a) comply with all applicable data protection Laws and our data processing and data privacy policies in the Manuals (if any); and (b) upon request, sign any data processing and/or data privacy agreement required by us or by Law. You agree to:

- (i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;
- (ii) establish appropriate administrative, technical and physical controls consistent with and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit, or come in contact with;
- (iii) promptly notify us if you suspect that there is, or has been, a security breach or potential compromise of any such credit card information;
- (iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and
- (v) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

## **20. INSPECTIONS AND AUDITS.**

**20.1. Inspections.** For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your office, evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

- (i) examining and copying your books, records, accounts and tax returns;

- (ii) monitoring your provision of Area Representatives Services and interactions with Franchisees;
- (iii) contacting your employees; and
- (iv) contacting Franchisees in your Development Territory to discuss their satisfaction with the services provided by you or to discuss any other matter we deem appropriate.

We may conduct inspections at any time without prior notice. During the inspection we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Business. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate.

- 20.2. Audit.** We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement or (b) reveals a material default by you. We bear the cost of all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursement of our audit costs.

## **21. INTELLECTUAL PROPERTY.**

- 21.1. Ownership and Use.** You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement, except for any right to use the Intellectual Property authorized by a Franchise Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Business during the Term pursuant to, and only in compliance with, this Agreement and the Area Representative Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Area Representative Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

- 21.2. Changes to Intellectual Property.** We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Franchise System, Know-how, Marks and/or Operating System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) as a result of any change to the Intellectual Property. If we are acquired by another company, you may be required to convert to their system and their trademarks at your expense.

- 21.3. Use of Marks.** You agree to: (a) use the Marks as the sole identification of your Business; *provided, however,* that you must identify yourself as the independent owner of your Business in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) use the Marks in conjunction with the trademarks of any other brand or concept without our approval; (d) register or attempt to register any Marks, or any other trademarks confusingly similar to the Marks, with any Governmental Authority; or (e) challenge or contest the validity or ownership of our Marks.

- 21.4. Use of Know-how.** We disclose Know-how to you during training programs, in the Manuals and

through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Business in compliance with this Agreement and the Area Representative Manual.

**21.5. Improvements.** If you, an Owner or your employee conceives of or develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate an Area Representative Business or a SUCCESS Facility, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use Improvements developed by other Persons that we approve for use in connection with the operation of an Area Representative Business or a SUCCESS Facility.

**21.6. IP Disputes.** You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with any IP Dispute. We have sole discretion in deciding what action, if any, to take in response to the IP Dispute. We may exclusively control any litigation or other proceeding relating to the IP Dispute. You must execute all documents, render all assistance, and perform all acts that are, in our counsel's opinion, necessary or advisable to protect or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

**22. INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with:

- (i) the development, marketing or operation of your Business;
- (ii) the breach of a Definitive Agreement committed by you or your Owners or affiliates;
- (iii) the breach of an agreement with a third party committed by you or your Owners or affiliates;
- (iv) your provision of Area Representative Services to Franchisees in a manner that does not comply with this Agreement and the Area Representative Manual, including, without limitation, any Claims brought by Franchisees: (a) alleging failure to provide any Franchise Support Services required by the Franchise Agreement; (b) alleging fraud or misrepresentation based on statements or omissions made by you or your agents or representatives (except if the only alleged misrepresentation relates to a material fact we provided to you or that we incorporated into our Franchise Disclosure Document without input from you); or (c) otherwise based on the Area Representative Services you provide or actions, negligence or willful misconduct of you or your personnel;
- (v) libel, slander or disparaging comments made by you or any of your affiliates, Owners, officers, employees or independent contractors about the Franchise System, the Operating System and/or any Indemnified Party, Area Representative, Area Representative Business, Franchisee or SUCCESS Facility;
- (vi) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties have the right, in their sole discretion to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim,

including, without limitation, Travel Expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter.

Provided that neither you nor any of your Owners or affiliates are in default under any Definitive Agreement, we will indemnify and hold you and your Owners harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with any Claim asserted against you or your Owners and based upon:

- (i) the violation of any applicable franchise Law caused by materially misleading information we included in a Franchise Disclosure Document (without input from you) that was furnished to a third-party prospective franchisee in your Development Territory;
- (ii) our breach of any material term of a Franchise Agreement we enter into with a third-party Franchisee located in your Development Territory (other than our alleged failure to provide any of the services we delegate to you under this Agreement); or
- (iii) the violation of a third party's intellectual property rights based on your use of any of our primary Marks in strict compliance with this Agreement and the Manuals.

You must promptly notify us of any such Claim and fully cooperate with our defense of the Claim.

## **23. TRANSFERS.**

**23.1. By Us.** This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

**23.2. By You.** The rights and duties created by this Agreement are personal to you and the Owners. We are granting you Area Representative Rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, qualifications, credentials, aptitude and financial resources to own and operate the Business and meets our then-current minimum criteria for Area Representatives;
- (ii) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (iii) the transferee's owners successfully complete, or make arrangements to attend, our initial training program and the transferee pays us any applicable training fee;
- (iv) the transferee and its owners obtain all licenses, permits, broker registrations and other approvals required by applicable Law to own and operate the Business;
- (v) the transferee and its owners sign our then-current form of area representative agreement (unless we instruct you to assign this Agreement to the transferee) except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate development fee;
- (vi) you or the transferee pay us a \$25,000 transfer fee to defray expenses we incur related to the Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee);
- (vii) you and your Owners sign a General Release;

- (viii) unless we agree to the contrary, you assign all Franchise Agreements signed by you and your affiliates to the same transferee (or at our option, the transferee signs our then-current form of Franchise Agreement for each transferred SUCCESS Facility) in accordance with the transfer provisions under each such Franchise Agreement;
- (ix) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the area representative agreement (we may require you to enter into a written subordination agreement);
- (x) we choose not to exercise our right of first refusal described in §23.5; and
- (xi) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we have against the transferor; or (b) our right to demand the transferee comply with all terms of the area representative agreement.

**23.3. Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Area Representative Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Area Representative Entity's obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

**23.4. Owner Death or Disability.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any Transfer to a third party will be subject to all terms and conditions of §23.2 unless the Transfer qualifies as a Permitted Transfer. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Area Representative Manual for a continuous period of at least three (3) months.

**23.5. Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §23.2, including our approval of the transferee. However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

## **24. TERMINATION.**

**24.1. By You.** You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §24.1, you must still comply with your post-term obligations described in §25 and all other obligations that survive the termination of this Agreement.

**24.2. By Us.** We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good

cause” for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if you become insolvent by reason of your inability to pay your debts as they become due;
- (ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- (iii) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;
- (iv) if a final judgment against you in excess of \$20,000 remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;
- (v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;
- (vi) if the Managing Owner fails to satisfactorily complete initial training as required by §6.1;
- (vii) if you fail to secure your office within the time period required by §8.1;
- (viii) if you abandon or fail to operate your Business for 10 consecutive business days, unless the failure is due to Force Majeure (in which case §28.6 governs) or another reason we approve;
- (ix) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business and you or the Owner, as applicable, fail to overturn the suspension or revocation within 30 days of the suspension or revocation;
- (x) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime, (b) is subject to any material administrative disciplinary action or (c) fails to comply with a material Law applicable to your Business;
- (xi) if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation or goodwill associated with the Franchise System, the Operating System or the Marks;
- (xii) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted Area Representative Rights;
- (xiii) if your Managing Owner ceases to actively manage the Business for any reason and you fail to find an approved substitute Managing Owner that successfully completes all training we require within 90 days after the Managing Owner ceases active management of the Business;
- (xiv) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment;
- (xv) if you make an unauthorized Transfer;
- (xvi) if you make an unauthorized use of the Intellectual Property;
- (xvii) if you breach any brand protection covenants described in §18;
- (xviii) if you or an Owner breaches any representations in §27.4;
- (xix) if an Owner, or the spouse of an Owner, breaches a Franchise Owner Agreement;
- (xx) if you breach your Minimum Development Obligations;
- (xxi) if you receive three (3) or more valid default notices from us within any 12-month period

regardless of whether you cure the defaults;

(xxii) if we or our affiliate terminates any Definitive Agreement due to a default by you or your affiliate; or

(xxiii) if you or an Owner breach any other provision of this Agreement (including any mandatory provision in the Area Representative Manual) or any other Definitive Agreement and fail to cure the breach within 30 days after receipt of a default notice from us.

If we send you a default notice pursuant to §24.2 we may cease to perform our obligations under this Agreement (including payment of Commissions) until you cure the breach.

**24.3. Mutual Agreement to Terminate.** You and we may mutually agree in writing to terminate this Agreement, in which case you and we are deemed to have waived any required notice period.

**25. POST-TERM OBLIGATIONS.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease use of the Intellectual Property, except to the extent authorized by a Franchise Agreement that remains in good standing;
- (ii) pay us all amounts you owe;
- (iii) comply with all covenants described in §18 or in a Franchise Owner Agreement, as applicable, that survive the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) comply with our instructions to return or destroy all copies of the Manuals, all Copyrighted Materials and all signs, brochures, menus, recipes, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (v) comply with our data retention policies pertaining to the Business Data;
- (vi) cancel all fictitious or assumed name registrations relating to your use the Marks;
- (vii) provide us with a copy of all files and information pertaining to current and former Franchisees and prospective franchisees;
- (viii) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (iv) and (viii) above shall not apply if you Transfer your Business to an approved transferee or we exercise our right of first refusal to acquire your Business.

**26. DISPUTE RESOLUTION.**

**26.1. Negotiation and Mediation.** Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall

be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation.) Any Dispute involving claims alleging a breach of §18 and/or §21 (referred to as “Excluded Claims”) will not be subject to mandatory negotiation or mediation.

- 26.2. Arbitration.** If the Dispute is not resolved by mediation within 60 days after either party makes a demand for mediation, the parties will submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Any Dispute involving an Excluded Claim will not be subject to mandatory arbitration unless both parties agree.
- 26.3. Litigation.** If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance the choice of venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §18 and/or §21).
- 26.4. Venue.** All mediation, arbitration and litigation shall take place in the county in Dallas, Texas. The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts.
- 26.5. Attorney’s Fees and Costs.** If either party must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration costs. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.
- 26.6. Waivers.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR A VIOLATION OF §18 OR §21) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO ARBITRATION OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

## **27. REPRESENTATIONS.**

- 27.1. Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate’s) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the Area Representative is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Area Representative Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and

binding obligation of the Area Representative Entity and shall be enforceable against the Area Representative Entity in accordance with its terms.

- 27.2. Franchise Compliance Representations.** You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (ii) such earlier time in the sales process that you requested a copy.
- 27.3. General Representations.** You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other Area Representatives may operate under different forms of agreement and our obligations and rights with respect to Area Representatives differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other Area Representatives and we have no obligation to offer you similar negotiated terms or concessions.
- 27.4. Anti-Terrorism Compliance.** You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being “blocked” under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at [www.home.treasury.gov](http://www.home.treasury.gov)); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

## 28. GENERAL PROVISIONS.

- 28.1. Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the Laws of the State of Texas without reference to its principles of conflicts of law, but any Law of the State of Texas that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 28.2. Relationship of the Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as an Area Representative and the independent owner of your Business. You must include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.
- 28.3. Severability and Substitution.** Each section of this Agreement (and each portion thereof) shall be

severable. If applicable Law imposes mandatory non-waivable terms that conflict with a provision of this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.

- 28.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other Area Representatives; or (d) our acceptance of payments from you after your breach.
- 28.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 28.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 28.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however,* that the additional insureds listed in §19.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §19.1 and §22, respectively.
- 28.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §16.2 AND §28.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Area Representative Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.
- 28.9. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express

terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against our interests and the interests of our other Area Representatives and Franchisees, but without considering the individual interests of you or any other Area Representative or Franchisee.

- 28.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 28.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Business or the Area Representative Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §11, §12 (but only to the limited extent set forth in such Section), §18, §20, §22, §25 §26 and §28.
- 28.12. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 28.13. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 28.14. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.
- 28.15. Notice.** All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU: As set forth in Part A of ATTACHMENT "A"

US: SUCCESS Franchising, LLC  
5473 Blair Rd. Suite 100, PMB 30053  
Dallas, Texas 75231  
Attention: Legal Operations  
Email: [ted.laatz@success.com](mailto:ted.laatz@success.com) & [legal@success.com](mailto:legal@success.com)

Notice shall be considered given: (a) at the time delivered by hand (with written confirmation of receipt); (b) one (1) business day after sending by email or comparable electronic system (including any notice that is also sent by mail); or (c) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested. We may also provide notice of any change to the Manuals through bulletins, postings or other notices provided on the Intranet or through any other method that we commonly utilize to communicate with our franchisee community as a whole. Notwithstanding the above, all notices to us must in all events be e-mailed to [legal@success.com](mailto:legal@success.com) (and to any other email address that we specify from time to time) or such notice will not be deemed as having been delivered to us.

[Signature Page Follows]

The parties below have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

SUCCESS Franchising, LLC, a Delaware  
limited liability company

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

**YOU (If you are an Entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**YOU (If you are not an Entity):**

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

**ATTACHMENT "A"**

**TO AREA REPRESENTATIVE AGREEMENT**

**DEAL TERMS**

**A. Area Representative Details.**

Name of Area Representative: [ \_\_\_\_\_ ]

Is the Area Representative a natural person signing in their individual capacity? **Yes:** \_\_\_\_ **No:** \_\_\_\_

Type of Entity and State of Formation\* (if applicable): [ \_\_\_\_\_ ]

*\* If the Area Representative is an Entity, each Person holding a direct or indirect ownership interest in the Entity, and the spouse of each such Person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

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

Attention: \_\_\_\_\_

Email: \_\_\_\_\_

The following table includes the full name of each Person holding a direct or indirect ownership interest in the Business (or the Area Representative Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, include description of nature of interest)

**B. Development Territory.**

The Development Territory consists of, and shall be limited to, the following geographic area (as may be further depicted on the map attached on the following page):

[ \_\_\_\_\_ ]

If the boundaries that define the Development Territory change during the Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date as depicted on the map on the following page.

*[Attach Map Below (If Applicable)]*

**C. Development Fee.**

Your development fee is \$100,000 (or \$75,000 if you are a Founders' Club Member).

**D. Development Schedule.**

The table below sets forth your Minimum Development Obligations referenced in §13.1 of the Agreement:

<b>DEVELOPMENT PERIOD ENDING</b>	<b>NUMBER OF SUCCESS FACILITIES OPENED DURING DEVELOPMENT PERIOD *</b>	<b>CUMULATIVE NUMBER OF SUCCESS FACILITIES OPENED AND IN OPERATION *</b>
1 year after Effective Date	1	1
2 years after Effective Date	2	3
3 years after Effective Date	2	5
4 years after Effective Date	2	7
5 years after Effective Date	1	8
Total Number of SUCCESS Facilities to be developed during Term: 8		

\* The following SUCCESS Facilities that are located within your Development Territory, and the associated transactions, shall not be counted towards satisfaction of the Minimum Development Obligations described in the table above:

- (i) the opening or continued operation of any SUCCESS Facility that was operating, under development or for which a Franchise Agreement had been executed prior to the Effective Date;
- (ii) the opening of any additional SUCCESS Facility(s) by any Franchisee (or its affiliate) pursuant to an Area Development Agreement that the Franchisee (or its affiliate) executed with us prior to the Effective Date;
- (iii) the opening of any SUCCESS Facility owned by us or any affiliate of ours; or
- (iv) the reopening of any SUCCESS Facility that closed on a temporary basis, including temporary closures due to remodeling, government-mandated closures, relocations or for any other reason.

**ATTACHMENT "B"**  
**TO AREA REPRESENTATIVE AGREEMENT**  
**FRANCHISE OWNER AGREEMENT**

[See Attached]

## FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Area Representative (defined below); and (b) the spouse of each such owner, in favor of SUCCESS Franchising, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

- 1. Definitions.** Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the AR Agreement:

“AR Agreement” means the SUCCESS Space Area Representative Agreement executed by Area Representative with an effective date of \_\_\_\_\_, 202\_\_.

“Area Representative” means \_\_\_\_\_.

“Area Representative Business” means the franchised business of soliciting, screening, recruiting, training, supporting, inspecting and monitoring Franchisees within a defined development territory.

“Restricted Period” means a period of two (2) years after the earlier to occur of: (a) the termination or expiration of the AR Agreement; (b) the date on which Area Representative assigns the AR Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Area Representative entity or the Area Representative Business that it operates; *provided, however*, that if a court of competent jurisdiction determines the two-year Restricted Period is too long to be enforceable, then Restricted Period means a period of one (1) year after the earlier to occur of: (a) the termination or expiration of the AR Agreement; (b) the date on which Area Representative assigns the AR Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Area Representative entity or the Area Representative Business that it operates.

- 2. Background.** In your capacity as an owner (or the spouse of an owner) of Area Representative, you may gain knowledge of our Franchise System, Operating System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our area representatives and Franchisees and that you could seriously jeopardize our Franchise System and Operating System if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the AR Agreement apply to “owners” and not just Area Representative. You agree to comply with the terms of this Agreement to: (a) avoid damaging our Franchise System or Operating System by engaging in unfair competition; and (b) bind yourself to the terms of the AR Agreement applicable to owners.

**3. Brand Protection Covenants.**

- (a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Area Representative’s Area Representative Business and/or SUCCESS Facility in compliance with the AR Agreement, franchise agreement and Manuals; (ii) maintain the confidentiality of Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Area Representative. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an owner of Area Representative; or (ii) during the Restricted Period.

Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within, and does not provide competitive goods or services within, the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity. Any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach.

- (c) Family Members. Because you could circumvent the purpose of §3 by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family (i) engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
  - (d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we both believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable law.
  - (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other area representatives and Franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.
4. **Transfer Restrictions.** We must approve all persons who hold a direct or indirect ownership interest in the Franchisee entity. If you are an owner of Area Representative, you agree that you will not directly or indirectly sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in the Area Representative Entity except in accordance with §23.2 of the AR Agreement.
5. **Financial Security.** In order to secure Area Representative's financial obligations under the AR Agreement and all other Definitive Agreements (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Area Representative shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive:
- (i) acceptance and notice of acceptance by us of the foregoing undertakings;
  - (ii) notice of demand for payment of any indebtedness guaranteed;
  - (iii) protest and notice of default to any party with respect to the indebtedness guaranteed;
  - (iv) any right you may have to require that an action be brought against Area Representative or any other person as a condition of liability; and

- (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Area Representative and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Area Representative fails to promptly do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Area Representative or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Area Representative or any assignee or successor of Area Representative or by any abandonment of one or more of the Secured Agreements by a trustee of Area Representative. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

- 6. **Dispute Resolution.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures in the AR Agreement. Notwithstanding the foregoing, if any dispute resolution procedures in the AR Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the AR Agreement, permitting us to terminate the AR Agreement in accordance with the terms thereof.**

7. **Miscellaneous.**

- (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in Dallas, Texas shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Any claim, defense or cause of action you may have against us or Area Representative, regardless of cause or origin, cannot be used as a defense to our enforcement of this Agreement.
- (d) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
- (e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the AR Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the AR Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**ATTACHMENT "C"**  
**TO AREA REPRESENTATIVE AGREEMENT**  
**CONFIDENTIALITY AGREEMENT**

[See Attached]

## CONFIDENTIALITY AGREEMENT

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

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

“Area Representative” means the SUCCESS Space area representative for whom you are an officer, director, employee or independent contractor.

“Area Representative Business” means the franchised business of soliciting, screening, recruiting, training, supporting, inspecting and monitoring Franchisees within a defined development territory.

“Business Data” means all data pertaining to: Area Representative; Area Representative’s business operations; Franchisees; the business operations of Franchisees; and/or customers of a Franchisee.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the AR Agreement and all attachments thereto and amendments thereof, and the terms of any franchise agreement signed by Area Representative (or its affiliate) and all attachments thereto and amendments thereof; (d) the components of the Franchise System and Operating System; (e) all information within or comprising the Manuals; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public, except as a result of a breach of confidentiality obligations by you, Area Representative or Area Representative’s owners, employees or other constituents; (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Area Representative (or any person associated with Area Representative) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow area representatives and/or Franchisees to use, sell or display in connection with the marketing and/or operation of an Area Representative Business or SUCCESS Facility.

“SUCCESS Facility” means a shared workspace facility that offers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and various other amenities under name “SUCCESS Space”. It may refer to a SUCCESS Facility operated by us, our affiliate, Area Representative or another Franchisee, as the context may require.

“Franchisee” means a person that owns and operates a SUCCESS Facility pursuant to a franchise agreement with us.

“Franchise System” means our system for administering the offer, sale, development, operation and monitoring of franchised SUCCESS Facilities in compliance with our brand standards.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold by an Area Representative Business or a SUCCESS Facility, (b) method of operation of an Area Representative Business or a SUCCESS Facility, (c) processes, systems or procedures utilized by an Area Representative Business or a SUCCESS Facility, (d) marketing, advertising or promotional materials, programs or strategies utilized by an Area Representative Business or a SUCCESS Facility, (e) Franchise System or the Operating System, or (f) trademarks, service marks, logos or other intellectual property

utilized by an Area Representative Business or a SUCCESS Facility, whether developed by you, Area Representative or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Franchise System, Improvements, Know-How, Marks and Operating System.

“Know-how” means our (and our affiliates’) trade secrets and other proprietary information relating to the design, construction, development, marketing and/or operation of a SUCCESS Facility or Area Representative Business, including, but not limited to: architectural plans, drawings and specifications for a prototype SUCCESS Facility; site selection criteria; recipes for menu items; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; information comprising the Franchise System and Operating System; and information included within the Manuals.

“Manuals” collectively refers to: (a) our confidential brand standards manual for the operation of a SUCCESS Facility; and (b) our confidential brand standards manual for the operation of an Area Representative Business.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize SUCCESS Facilities to use, including “SUCCESS Space” and related logos. The Marks also include any distinctive trade dress used to identify a SUCCESS Facility or the products it sells.

“Operating System” means distinct system and method of operation used by SUCCESS Facilities, the distinctive characteristics of which include, among other things: SUCCESS Space designs, furniture, fixtures and equipment; site selection and layout criteria; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; proprietary and nonproprietary products; quality, distinctiveness and uniformity of products and services; standards, specifications, policies and procedures for facility construction, management and operations; membership model; proprietary SUCCESS Spaceware business management platform; training programs; and advertising and promotional programs.

2. **Background.** You are an employee or independent contractor of Area Representative. As a result of this association, you may gain knowledge of our Franchise System, Operating System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our area representatives and Franchisees and that you could seriously jeopardize our Franchise System and Operating System if you were to misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.
3. **Intellectual Property and Confidential Information.** You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Area Representative’s Area Representative Business and/or SUCCESS Facility; (b) maintain the confidentiality of Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Area Representative. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
4. **Family Members.** Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you are presumed to have breached this Agreement if a member of your immediate family uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
5. **Breach.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at

equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

**6. Miscellaneous.**

- (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in Dallas, Texas shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

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

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

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

**ATTACHMENT "D"**  
**TO AREA REPRESENTATIVE AGREEMENT**  
**ACH AUTHORIZATION FORM**

[See Attached]

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**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

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**Franchisee Information:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

---

---

**Bank Account Information:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	<input type="checkbox"/> Checking <input type="checkbox"/> Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

---

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**Authorization:**

Franchisee hereby authorizes SUCCESS Franchising, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____	Date: _____
Name: _____	
Its: _____	
Federal Tax ID Number: _____	

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**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

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**EXHIBIT "D"**

**TO DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS OF AREA REPRESENTATIVE BRAND STANDARDS MANUAL**

[See Attached]

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**EXHIBIT "E"**  
**TO DISCLOSURE DOCUMENT**  
**LIST OF AREA REPRESENTATIVES**

**Part A (Current Area Representatives)**

The following table lists Area Representatives that were open as of December 31, 2023.

<b>AREA REPRESENTATIVES OPEN AS OF DECEMBER 31, 2023</b>				
<b>State</b>	<b>City</b>	<b>Development Territory</b>	<b>Phone</b>	<b>Owner Name(s)</b>
None				

The following table lists Area Representatives with signed Area Representative Agreements that were not open as of December 31, 2023.

<b>AREA REPRESENTATIVES NOT OPEN AS OF DECEMBER 31, 2023</b>				
<b>State</b>	<b>City</b>	<b>Development Territory</b>	<b>Phone</b>	<b>Owner Name(s)</b>
Texas	Dallas	Dallas-Fort Worth	817-783-9885	Brian and Tisha White

**Part B (Former Area Representatives Who Left System During Prior Fiscal Year)**

<b>State</b>	<b>City</b>	<b>Current Business Phone or Last Known Home Phone</b>	<b>Owner Name(s)</b>
None			

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

**EXHIBIT "F"**  
**TO DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

[See Attached]

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

**Balance Sheet**

	YTD Ending Balance Jun 30, 2024
	<u>162-Success Franchising, LLC</u>
Current Assets	
<u>Cash and Cash Equivalents</u>	
11165-USD-5157-Wells Fargo-Success Franchising, LLC	69,765
11239-USD-6334-Wells Fargo-Success Space Limited, LLC	2,215
19999-Cash Clearing - Accounts Payable	-667
Total Cash & Equivalents	71,314
<u>Restricted Cash</u>	
Accounts Receivable, Net	
<u>Accounts Receivable</u>	
11303-Accounts Receivable Trade - Manual Entries	30,000
11361-Accrued Revenue	28,662
Total Accounts Receivable	58,662
<u>Allowance for Doubtful Accounts</u>	
<b><i>Total Accounts Receivable, Net</i></b>	<b><i>58,662</i></b>
<u>Inventory</u>	
<u>Short Term Investments</u>	
<u>Prepaid and Other Assets</u>	
11611-Prepaid Insurance	-3,950
11614-Prepaid Other	56,504
Total Prepaid and Other Assets	52,553
<u>Intercompany Receivables</u>	
11701-Receivables- IC	66,894
Total Intercompany Receivables	66,894

Total Current Assets	<b>249,423</b>
Non Current Assets	
Total Assets	<b>249,423</b>
Liabilities and Equity	
Liabilities	
Current Liabilities	
<u>Accounts Payable</u>	
21111-Accounts Payable Trade - Manual Entries	0
21130-Wells Fargo CCER Program	28,239
21151-Payables - IC	3,222,444
Total Accounts Payable	3,250,683
<u>Customer Deposits</u>	
<u>Accrued Expenses</u>	
21320-Deferred Revenue	288,000
21330-Accrued Expenses	32,980
21340-Agent Commission Payable	6,000
21411-Payroll Payable	20,549
21413-Accrued Bonuses and Incentives	40,608
21422-Payroll Taxes Payable	1,386
Total Accrued Liabilities	389,523
<u>Income Tax Payable</u>	
Total Current Liabilities	<b>3,640,205</b>
Total Liabilities	<b>3,640,205</b>
Stockholder's Equity	
<u>Common Stock</u>	
<u>Additional Paid in Capital</u>	
31210-APIC - IC	2,079,087
Total Additional Paid in Capital	2,079,087
<u>Cumulative Translation Adjustment</u>	

<u>Retained Earnings</u>	
31410-RETAINED EARNINGS	-4,257,644
Total Retained Earnings	-4,257,644
<u>Treasury Stock</u>	
Total Stockholder's Equity	<b>-3,390,782</b>
Total Liabilities and Equity	<b>249,423</b>
BS Check: Assets - Liabilities and Equity	0

## P&L

January 1, 2024 - June 30, 2024

162-Success Franchising, LLC

### Revenue

<u>Revenue - Subscriptions</u>	
41401-SaaS Income	19,800
	-
Total Revenue - Subscriptions	19,800
	-
<u>Revenue - Services</u>	
41507-Initial Franchise Fee	17,250
	-
Total Revenue - Services	17,250
	-
<u>Revenue - Referral, BPO, &amp; Other</u>	
41717-Uncategorized Income	7,213
	-
Total Revenue - Referral, BPO, & Other	7,213
	-
Total Revenue	44,263
	-
Cost of Revenue	
<u>Cost of Sales Revenue</u>	
51116-Cost of Labor	5,667
51118-Other Cost of Services - COS	437
51132-Software - COGS	8,145
51135-Commission & Revenue Share - COGS	3,216
	-
Total Cost of Sales Revenue	17,466
	-
Total Cost of Revenue	<b>17,466</b>
	-
Gross Profit	<b>26,796</b>
	-
Operating Expenses	
	-
Personnel	
<u>Salary and Wages</u>	
61111-Salary and Wages - Direct	327,576

61121-Contract Labor	62,460
61135-Bonus	75,198
	-
Total Salary and Wages	465,236
	-
<u>Payroll Expenses</u>	-
61151-Employee Benefits	41,234
61152-401(k) Employer Match	16,163
	-
Total Payroll Expenses	57,397
	-
<u>Payroll Taxes</u>	-
61210-Payroll Taxes	32,747
	-
Total Payroll Taxes	32,747
	-
Total Personnel	555,378
	-
Office and Admin Expenses	-
<u>Office</u>	-
61610-Office Supplies	305
61630-Postage	2,119
61650-Credit Card Fees	903
61670-Dues and Subscriptions	1,270
61691-Seminars/Conferences	18,261
91720-Miscellaneous Office Expense	10,445
	-
Total Office	33,304
	-
<u>Computer and Software</u>	-
62061-Online Subscriptions	32,195
62062-CRM Mgmt subscription	4,000
62130-Computer Hardware	(2,673)
	-
Total Computer and Software	33,522
	-
<u>Utilities</u>	-
62590-Internet Service	1,440
	-
Total Utilities	1,440
	-
Total Office & Admin Expenses	68,268
	-
Travel, Meals and Entertainment	-
<u>Travel Expenses</u>	-
63560-Airfare	14,702
63570-Lodging	12,706

63580-Ground Transportation	9,221
63590-Travel - Other	1,651
	-
Total Travel Expenses	38,281
	-
<u>Meals and Entertainment</u>	-
63610-Meals	7,589
	-
Total Meals and Entertainment	7,589
	-
Total Travel, Meals and Entertainment	<b>45,871</b>
	-
Marketing and Advertising	-
	-
<u>Advertising and Promotion</u>	-
64055-Lead Capture	28,360
64065-Internet Advertising Other	77,671
64070-Promotional Materials	47,239
64075-Business Cards	148
64085-Advertising/Sponsorships	34,951
	-
Total Advertising and Promotion	188,367
	-
Total Marketing and Advertising	<b>188,367</b>
	-
Consulting Services & Stock Comp,	-
	-
<u>Professional Services</u>	-
64112-Audit and Tax	10,000
64145-NON - ADV General Corporate	13,330
64146-NON - ADV Corporate Regulatory & Compliance	15,000
64220-Consulting	150,675
	-
Total Professional Services	189,005
	-
<u>Stock-based Compensation</u>	-
64510-Stock Option - Employee - ISO	129,187
64511-Stock Option - Employee - NQ	53,970
	-
Total Stock-based Compensation	183,157
	-
Total Consulting Services & Stock Comp,	372,162
	-
	-
Total Operating Expenses	<b>1,230,046</b>
	-
(Net) Operating Income	<b>(1,203,250)</b>

Other Income (Expense)	-
<u>Other Income</u>	-
71006-Service Income - IC	(8,976)
Total Other Income	(8,976)
Total Other Income (Expense)	(8,976)
Income Taxes	-
<u>Current Income Tax Expense</u>	-
<u>State and Local Taxes</u>	-
<u>Deferred Tax Expense</u>	-
Total Other Income/(Expense) and Taxes	(8,976)
Net Income (Loss)	(1,212,226)

SUCCESS FRANCHISING, LLC  
(A Limited Liability Company)  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022, AND  
PERIOD FROM JANUARY 12, 2021 (INCEPTION)  
THROUGH DECEMBER 31, 2021

SUCCESS FRANCHISING, LLC  
(A Limited Liability Company)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022, AND FOR  
THE PERIOD FROM JANUARY 12, 2021 (INCEPTION)  
THROUGH DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Member  
Success Franchising, LLC

### Opinion

We have audited the accompanying financial statements of Success Franchising, LLC (a limited liability company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and changes in member's deficit, and cash flows for the years ended December 31, 2023 and 2022, and for the period from January 12, 2021 (inception) through December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Success Franchising, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023 and 2022, and for the period from January 12, 2021 (inception) through December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Prior Period Adjustment

As discussed in Note 5 to the financial statements, the Company did not record an allocation of certain expenses resulting in an understatement of amounts previously reported as operating expenses and a component of the changes in member's deficit. This was discovered by management of the Company during the current year. Accordingly, amounts reported as operating expenses and a component of the changes in member's deficit have been restated in the 2021 and 2022 financial statements now presented. There was no net change to the member's deficit as a result of the restatement. Our opinion is not modified with respect to this matter.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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.

A handwritten signature in black ink that reads "Citrin Cooperman &amp; Company, LLP".

Melville, New York  
April 18, 2024

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**SUCCESS FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 64,763	\$ 5,434
Accounts receivable	42,459	60,000
Prepaid expenses and other current assets	17,403	29,303
Deferred charges - current	<u>4,800</u>	<u>7,200</u>
Total current assets	129,425	101,937
Other asset:		
Deferred charges, net of current	<u>35,250</u>	<u>59,450</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 164,675</u></b>	<b><u>\$ 161,387</u></b>
<b><u>LIABILITIES AND MEMBER'S DEFICIT</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 94,238	\$ 60,918
Deferred revenue - current	<u>24,000</u>	<u>34,500</u>
Total current liabilities	118,238	95,418
Long-term liability:		
Deferred revenue, net of current	<u>176,250</u>	<u>285,000</u>
Total liabilities	294,488	380,418
Commitments and contingencies (Notes 6 and 8)		
Member's deficit	<u>(129,813)</u>	<u>(219,031)</u>
<b>TOTAL LIABILITIES AND MEMBER'S DEFICIT</b>	<b><u>\$ 164,675</u></b>	<b><u>\$ 161,387</u></b>

See accompanying notes to financial statements.

**SUCCESS FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022, AND FOR THE**  
**PERIOD FROM JANUARY 12, 2021 (INCEPTION)**  
**THROUGH DECEMBER 31, 2021**

	<u>2023</u>	<u>2022</u> (As Restated)	<u>2021</u> (As Restated)
Revenues:			
Franchise fees	\$ 69,250	\$ 24,500	\$ 500
Technology fees	11,550	-	-
Royalties	<u>909</u>	<u>-</u>	<u>-</u>
Total revenues	81,709	24,500	500
Operating expenses	<u>2,037,808</u>	<u>1,750,956</u>	<u>829,018</u>
Net loss	(1,956,099)	(1,726,456)	(828,518)
Member's deficit - beginning	(219,031)	(519,082)	-
Member contributions	1,867,918	1,814,087	315,000
Member distributions	-	-	(50,000)
Equity compensation expense (Note 5)	<u>177,399</u>	<u>212,420</u>	<u>44,436</u>
<b>MEMBER'S DEFICIT - ENDING</b>	<b><u>\$ (129,813)</u></b>	<b><u>\$ (219,031)</u></b>	<b><u>\$ (519,082)</u></b>

See accompanying notes to financial statements.

**SUCCESS FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022, AND FOR THE**  
**PERIOD FROM JANUARY 12, 2021 (INCEPTION)**  
**THROUGH DECEMBER 31, 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
		(As Restated)	(As Restated)
Cash flows from operating activities:			
Net loss	\$ (1,956,099)	\$ (1,726,456)	\$ (828,518)
Adjustments to reconcile net loss to net cash used in operating activities:			
Equity compensation expense	177,399	212,420	44,436
Expenses incurred on behalf of the Company and recorded as member contributions	1,052,918	1,458,087	-
Changes in operating assets and liabilities:			
Accounts receivable	17,541	(60,000)	-
Prepaid expenses	11,900	(29,303)	-
Deferred charges	26,600	(54,750)	(11,900)
Accounts payable and accrued expenses	33,320	30,491	30,427
Deferred revenues	(119,250)	260,000	59,500
Due to related parties	<u>-</u>	<u>(460,303)</u>	<u>460,303</u>
Net cash used in operating activities	<u>(755,671)</u>	<u>(369,814)</u>	<u>(245,752)</u>
Cash flows from financing activities:			
Member contributions	815,000	356,000	315,000
Member distributions	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Net cash provided by financing activities	<u>815,000</u>	<u>356,000</u>	<u>265,000</u>
Net increase (decrease) in cash	59,329	(13,814)	19,248
Cash - beginning	<u>5,434</u>	<u>19,248</u>	<u>-</u>
<b>CASH - ENDING</b>	<b><u>\$ 64,763</u></b>	<b><u>\$ 5,434</u></b>	<b><u>\$ 19,248</u></b>

See accompanying notes to financial statements.

**SUCCESS FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

Success Franchising, LLC (the "Company"), a wholly-owned subsidiary of Success World Holdings, LLC (the "Member"), was formed on January 12, 2021, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement executed in April 2021, between the Company and Success Enterprises, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Success Space" name and system that offers entrepreneurs and corporate workers flexible rental options combined with access to onsite professional business coaching, virtual communication technology, a limited-service café and other various amenities.

The Member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, to the extent of the Company's assets unless the Member has signed a specific guarantee.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements have 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 financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying disclosures. These estimates may be adjusted due to changes in future economic, industry or other financial conditions. Estimates are used in accounting for, among other items, revenue recognition and uncertain income tax positions. Actual results could ultimately differ from these estimates.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. The Company assesses collectibility by reviewing accounts receivable on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for doubtful accounts, management considers historical collectibility and makes judgments about the creditworthiness of the pool of franchisees based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions are considered in adjusting the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted.

SUCCESS FRANCHISING, LLC  
(A Limited Liability Company)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Under the prior accounting rules, management considered the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. The Company had no allowance for doubtful accounts at December 31, 2023 and 2022.

Concentration of Credit Risk

*Cash*

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.

*Accounts receivable*

Concentration of credit risk with respect to receivables is limited due to the number of franchisees in the Company's customer base and their geographic dispersion. The Company provides an allowance for doubtful accounts equal to the estimated collection losses based on historical experience coupled with a review of the current market conditions and reasonable and supportable forecasts of future economic conditions.

Revenues and Cost Recognition

The Company derives substantially all of its revenue from franchise agreements related to franchise revenue, advertising fund revenue, royalties and transfer fees.

*Franchise Fees and Royalties*

Contract consideration from franchisees consists primarily of initial or renewal franchise fees, multi-unit agreement fees ("MUAs"), sales-based royalties, sales-based marketing fund fees and transfer fees payable by a franchisee for the transfer of its franchise unit to another franchisee. The Company enters into MUAs which grant a franchisee the right to develop two or more franchise territories. The Company collects an up-front fee for the grant of such rights. The initial franchise fees and up-front multi-unit fees are nonrefundable and collectable when the underlying franchise agreement or MUA 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.

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "pre-opening activities." The Company has determined that rights to access its intellectual property and the pre-opening activities are highly interrelated and interdependent and therefore are 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.

SUCCESS FRANCHISING, LLC  
(A Limited Liability Company)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenues and Cost Recognition (Continued)

*Franchise Fees and Royalties (Continued)*

Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. MUAs generally consist of an obligation to grant the right to open two or more franchise units. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fee. Initial and renewal franchise fees related to the MUAs are recorded as contract liabilities at their contract transaction price.

Royalties are earned based on a percentage of a franchisee's gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Brand Fund*

The Company maintains a brand fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand fund fees are collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore recognizes the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore are accounted for as a single performance obligation.

As a result, revenues from the brand fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur. When brand fund fees exceed the related brand fund expenses in a reporting period, advertising costs are accrued up to the amount of brand fund revenues recognized.

*Other Revenues*

The Company recognizes revenues 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 capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement. In the case of costs paid related to MUAs for which no signed franchise agreement has been received, these costs are deferred until the signed franchise agreement is received.

SUCCESS FRANCHISING, LLC  
(A Limited Liability Company)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

The Company is a single-member limited liability company and is therefore considered a disregarded entity for income tax purposes. Accordingly, no provision has been made for income taxes in the accompanying financial statements, since all items of income or loss are required to be reported on the income tax returns of the member, who is responsible for any taxes thereon.

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 December 31, 2023 and 2022.

Advertising

Advertising costs are expensed as incurred and amounted to \$113,483, \$156,006 and \$58,722 for the years ended December 31, 2023 and 2022, and for the period from January 12, 2021 (inception) through December 31, 2021, respectively.

Subsequent Events

The Company has evaluated subsequent events through April 18, 2024, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. **RECENTLY ADOPTED ACCOUNTING STANDARDS**

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASC 326"), which along with subsequently issued related ASUs, requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. The Company's financial instruments include accounts receivable. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The Company adopted ASC 326 using the modified retrospective method at January 1, 2023, and it did not have a material impact on the financial statements.

SUCCESS FRANCHISING, LLC  
(A Limited Liability Company)  
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**NOTE 4. FRANCHISED OUTLETS**

The following data reflects the status of the Company's franchised outlets as of and for the year ended December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchises sold	-	10	4
Franchises purchased	-	-	-
Franchised outlets in operation	2	-	-
Franchisor-owned outlets in operation	-	-	-
Terminated outlets	-	-	-

**NOTE 5. RESTATEMENT OF FINANCIAL STATEMENTS**

The Company utilizes personnel that are employed by an entity related through common control. The payroll and related taxes and benefits of these individuals are allocated to the Company based on the percentage of their time dedicated to the operations of the Company. The Company's ultimate parent has a stock option plan under which these individuals have been granted stock options (see Note 8). During 2023, the equity compensation expense related to these individuals has been allocated to the Company in the same manner as their payroll and related taxes and benefits. As a result of an internal review, it was discovered that there were stock options granted to certain of these individuals in prior years and, as such, equity compensation expense should have been allocated to the Company in those respective years. Corrective actions have been taken to reflect the allocation of the equity compensation expense in 2021 and 2022. Accordingly, the Company has restated its financial statements for the year ended December 31, 2022 and for the period from January 12, 2021 (inception) through December 31, 2021. There was no net change to member's deficit as a result of the restatement.

The effect of the restatement on the results of operations and equity compensation expense as a component of the changes in member's deficit for the year ended December 31, 2022, are as follows:

	As Previously <u>Reported</u>	Restatement <u>Adjustment</u>	<u>As Restated</u>
Operating expenses	\$ 1,538,536	\$ 212,420	\$ 1,750,956
Net loss	(1,514,036)	(212,420)	(1,726,456)
Equity compensation expense	-	212,420	212,420

The effect of the restatement on the accompanying statements of cash flows for the year ended December 31, 2022 are as follows:

	As Previously <u>Reported</u>	Restatement <u>Adjustment</u>	<u>As Restated</u>
Net loss	\$ (1,514,036)	\$ (212,420)	\$ (1,726,456)
Equity compensation expense	-	212,420	212,420

SUCCESS FRANCHISING, LLC  
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**NOTE 5. RESTATEMENT OF FINANCIAL STATEMENTS (CONTINUED)**

The effect of the restatement on the results of operations and equity compensation expense as a component of the changes in member's deficit for the period from January 12, 2021 (inception) through December 31, 2021, are as follows:

	As Previously <u>Reported</u>	Restatement <u>Adjustment</u>	<u>As Restated</u>
Operating expenses	\$ 784,582	\$ 44,436	\$ 829,018
Net loss	(784,082)	(44,436)	(828,518)
Equity compensation expense	-	44,436	44,436

The effect of the restatement on the accompanying statement of cash flows for the period from January 12, 2021 (inception) through December 31, 2021 are as follows:

	As Previously <u>Reported</u>	Restatement <u>Adjustment</u>	<u>As Restated</u>
Net loss	\$ (784,082)	\$ (44,436)	\$ (828,518)
Equity compensation expense	-	44,436	44,436

**NOTE 6. LIQUIDITY AND BUSINESS RISKS**

The Company has sustained negative cash flows from operations and, as a result, has a member's deficit of \$129,813 as of December 31, 2023. Since inception, the Company's operations have been funded through a combination of contributions from the Member. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. Such expenses could be reduced or eliminated in order to improve operating cash flows as needed.

As of the date these financial statements were available to be issued, the Company continues to focus on selling franchises and revenues are expected to increase. The Member has the intent and ability to continue funding the Company's operations, if necessary, should its cash flows from operations combined with its available cash balances not be sufficient to meet its working capital needs. The Company believes that this will enable it to meet its funding requirements for one year from the date these financial statements were available to be issued.

**NOTE 7. REVENUES AND RELATED CONTRACT BALANCES**

Disaggregated Revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Initial franchise fees are recognized over time, while royalties, brand fund fees, other franchise related fees are recognized at a point in time.

SUCCESS FRANCHISING, LLC  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)**

Contract Balances

Contract liabilities are comprised of unamortized initial franchise fees received from franchisees, which are presented as "Deferred revenue" in the accompanying balance sheets. A summary of significant changes in deferred revenues is as follows:

	<u>2023</u>	<u>2022</u>
Deferred revenues - beginning of period	\$ 319,500	\$ 59,500
Revenue recognized during the period	(69,250)	(24,500)
Additions for initial franchise fees received	-	284,500
Initial franchise fee refunds due to termination	<u>(50,000)</u>	<u>-</u>
Deferred revenues - end of period	<u>\$ 200,250</u>	<u>\$ 319,500</u>

At December 31, 2023, revenues expected to be recognized over the remaining term of the associated franchise agreements are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2024	\$ 24,000
2025	24,000
2026	24,000
2027	24,000
2028	24,000
Thereafter	<u>80,250</u>
Total	<u>\$ 200,250</u>

Deferred revenues consisted of the following:

	<u>2023</u>	<u>2022</u>
Franchise units not yet opened	\$ 150,750	\$ 319,500
Opened franchise units	<u>49,500</u>	<u>-</u>
Total	<u>\$ 200,250</u>	<u>\$ 319,500</u>

The direct and incremental costs, principally consisting of commissions, are included in "Deferred charges" in the accompanying balance sheets, and expected to be recognized over the remaining term of the associated franchise agreements at December 31, 2023, is as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2024	\$ 4,800
2025	4,800
2026	4,800
2027	4,800
2028	4,800
Thereafter	<u>16,050</u>
Total	<u>\$ 40,050</u>

SUCCESS FRANCHISING, LLC  
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**NOTE 8. RELATED-PARTY TRANSACTIONS**

License Agreement

In April 2021, the Company entered into a non-exclusive license agreement with the Licensor for the use of the registered name "Success Space" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to operate Success Space franchises, and the right to earn franchise fees, royalties and other fees from franchisees. The Licensor will not license the trademarks and/or confidential information to any third parties for the purpose of operating a competing franchise system. In accordance with the license agreement, the Company will not be required to pay the Licensor a license fee.

Due to Related Party

In the ordinary course of business, the Company periodically advances funds to and receives funds from Success Enterprises, LLC (the "related party"), an entity related to the Company by common ownership and control. No interest is charged on these advances and such advances to and from the related party are unsecured and have no specific repayment terms. As of December 31, 2023 and 2022, there were no outstanding advances due to the related party. During 2022, the Company engaged the related party to provide coaching certifications to its franchisees and had prepaid \$25,000 in connection with this service, the balance of which was included in "Prepaid expenses and other current assets" in the accompanying balance sheet at December 31, 2022. During 2023, the certifications were completed and the amounts were recognized as expense.

Equity Based Compensation

From time to time and on a discretionary basis, eXp World Holdings Inc., the Company's ultimate parent (the "Ultimate Parent"), grants stock options to employees of the Company. The Ultimate Parent calculates the equity based compensation expense in connection with the granting of the stock options to the Company's employees and allocates the related charge to the Company. As a result, the Company recorded \$177,399, \$212,420 and \$44,436 of equity based compensation expense related to the granted stock options for the years ended December 31, 2023 and 2022, and for the period from January 12, 2021 (inception) through December 31, 2021, which is included in "Operating expenses" in the accompanying statements of operations and changes in member's deficit.

**NOTE 9. BRAND DEVELOPMENT FUND**

Brand Fund

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect brand fund fees of up to 1% of franchisees' reported 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. As of December 31, 2023, the brand fund was not established.

SUCCESS FRANCHISING, LLC  
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NOTE 9. **BRAND DEVELOPMENT FUND (CONTINUED)**

Cooperative Advertising Fund

The Company reserves the right to establish a cooperative advertising fee ("Cooperative") for a region in which two or more facilities are located and will collect up to 1% of its franchisees' gross revenues. Any contributions to a Cooperative will be credited towards a franchisee's local marketing commitment. As of December 31, 2023, the Cooperative was not established.

**EXHIBIT "G"**  
**TO DISCLOSURE DOCUMENT**  
**OTHER AGREEMENTS**

**EXHIBIT “G”-1**

**STATE ADDENDA**

[See Attached]

**STATE ADDENDA AND AMENDMENTS TO AREA REPRESENTATIVE AGREEMENT,  
SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT**

**BACKGROUND AND PURPOSE**

The following modifications are made to the SUCCESS Space Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by SUCCESS Franchising, LLC (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede, to the extent required by applicable state law, certain portions of the Area Representative Agreement between you and us dated \_\_\_\_\_, 202\_\_ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any single unit franchise agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

## CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. 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 persons from membership in such association or exchange.
4. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in Dallas, Texas with the costs being borne initially by the party filing for arbitration.
5. 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 or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of Texas. This provision may not be enforceable under California law.
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.
11. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
12. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
13. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

14. OUR WEBSITE 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 <https://dfpi.ca.gov/>.

**HAWAII**

1. The following is added to the Cover Page:

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

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

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

2. Our registered agent in the state authorized to receive service of process:

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

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following:  
\_\_\_\_\_
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: \_\_\_\_\_
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: \_\_\_\_\_
7. The states, if any, in which the filing of these franchises has been withdrawn include the following:  
\_\_\_\_\_

## ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Texas in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.
6. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

See the last page of this Exhibit G-1 for your required signature.

## INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).
6. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

7. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

## MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”), the Disclosure Document is amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

“Fee Deferral

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

2. Item 17 of the Disclosure Document is amended to add the following:
  - a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
  - b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
  - c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
  - d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
  - e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
3. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
6. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
7. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**MARYLAND ADDENDUM TO**  
**AREA REPRESENTATIVE AGREEMENT**

In recognition of the requirements of the Maryland Franchise Law, the Area Representative Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Area Representative Agreement.
6. Nothing in the Area Representative Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
7. No statement, questionnaire, or acknowledgment signed or agreed to by an Area Representative 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.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Representative Agreement.
9. Except as expressly modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Franchise Agreement.

**SUCCESS FRANCHISING, LLC**

**[FRANCHISEE]**

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

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

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

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

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

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

## 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 document 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 be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (viii) 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**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:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

## MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you 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 as provided for in Minnesota Statutes, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.
6. Item 5 and 7 of the Disclosure Document, as well as the initial fee provisions within the Franchise Agreement and Supplemental Agreements, are amended to include the following:

“All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.”
7. Item 6 of the Franchise Disclosure Document is amended to add the following language in the Remarks column of the “Late Fees” row:

“Minnesota law requires that the NSF fee is capped at \$30 per incident.”
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on 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 with the franchise.

## NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. The following information is added to the cover page of the 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, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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 of the Disclosure Document:

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 of the Disclosure Document:

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) of the Disclosure Document, titled “**Requirements for franchisee to renew or extend,**” and Item 17(m) of the Disclosure Document, 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) of the Disclosure Document, 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) of the Disclosure Document, 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) of the Disclosure Document, titled “Choice of forum”, and Item 17(w) of the Disclosure Document, 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. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.

10. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.

11. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.

12. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

## NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.
11. All fees referenced in Item 5 of the Disclosure Document are subject to deferral pursuant to order of the State of North Dakota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

## RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

## VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial development fee and other initial payments owed by area representatives to us until we have completed our pre-opening obligations under the Area Representative Agreement.

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

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

3. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
4. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
5. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
6. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
7. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. All fees payable to us under the terms of the Area Representative Agreement are subject to deferral pursuant to order of the State of Washington. Accordingly, you shall pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

**WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

*(Signatures on following page)*

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- |                                     |                                       |                                       |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Michigan     | <input type="checkbox"/> South Dakota |
| <input type="checkbox"/> Hawaii     | <input type="checkbox"/> Minnesota    | <input type="checkbox"/> Virginia     |
| <input type="checkbox"/> Illinois   | <input type="checkbox"/> New York     | <input type="checkbox"/> Washington   |
| <input type="checkbox"/> Indiana    | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin    |
| <input type="checkbox"/> Maryland   | <input type="checkbox"/> Rhode Island |                                       |

Dated: \_\_\_\_\_, 202\_\_

**FRANCHISOR:**

SUCCESS Franchising, LLC

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

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

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

**FRANCHISEE:**

[ \_\_\_\_\_ ]

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

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

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

**EXHIBIT “G”-2**

**GENERAL RELEASE**

[See Attached]

## WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) by \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of SUCCESS Franchising, LLC, a Delaware limited liability company (“us,” and together with you and Owner, the “Parties”).

### Background

- A. We signed an Area Representative Agreement with you, dated \_\_\_\_\_, 202\_\_ (the “AR Agreement”) pursuant to which we granted you the right to own and operate a SUCCESS Space area representative business.
- B. You have notified us of your desire to transfer the AR Agreement and all rights related thereto, or an ownership interest in the area representative entity, to a transferee, [**enter into a successor area representative agreement**] and we have consented to such transfer [**agreed to enter into a successor area representative agreement**].
- C. As a condition to our consent to the transfer [**your ability to enter into a successor area representative agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor area representative agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

### Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”) from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the AR Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false

representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. Miscellaneous.
  - (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
  - (b) This Agreement shall be construed and governed by the laws of the State of Texas.
  - (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
  - (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
  - (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
  - (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
  - (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
  - (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**FRANCHISEE:**

[REDACTED]

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

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

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

**FRANCHISE OWNERS:**

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

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

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

**EXHIBIT “G”-3**

**FOUNDERS’ CLUB AMENDMENT**

[See Attached]

# AMENDMENT TO AREA REPRESENTATIVE AGREEMENT

## (Founders' Club)

This Amendment to Area Representative Agreement (this "Amendment") is entered into as of \_\_\_\_\_, 202\_\_ (the "Effective Date") between Success Franchising, LLC, a Delaware limited liability company ("us" or "we") and \_\_\_\_\_, a(n) \_\_\_\_\_ ("you" and, together with us, the "Parties").

### BACKGROUND

- A. Concurrently with the execution of this Amendment, the Parties are entering into a SUCCESS Space Area Representative Agreement (the "AR Agreement"), pursuant to which we will grant you the right and license to own and operate an area representative business.
- B. We are offering a special incentives program (the "Founders' Club") for our initial area representatives that acquire area representative rights and agree to participate in the Founders' Club.
- C. You are one of our initial area representatives and you have elected to participate in the Founders' Club.
- D. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the AR Agreement in the manner set forth below in order to: (a) incorporate the terms and conditions of the Founders' Club; and (b) incorporate any others modifications to the AR Agreement agreed to by the Parties.

### AGREEMENT

1. Founders' Club Meetings. In order to receive the benefits provided to you under this Amendment, you must meet with us on a quarterly basis to discuss the SUCCESS Space and area representative business models to identify areas for improvement and potential enhancements and to provide your recommendations regarding same. You understand and agree that any changes we make based upon these discussions will be deemed an "Improvement" and subject to §21.5 of the Franchise Agreement. We will provide you with a written notice indicating the date, time, location and any other details regarding the quarterly Founders' Club meetings.
2. Initial Development Fee. You will pay us a \$75,000 discounted initial development fee instead of our standard \$100,000 initial development.
3. Commissions. The Commissions we pay to you pursuant to §12 of the AR Agreement shall be adjusted in accordance with the following table:

Fee	Commission Paid to Area Representative	
	Founders' Club Member	Standard Commission
Net Initial Franchise Fees*	50%	35%
Initial Training Fees	75%	75%
Royalty Fees	50%	35%

4. Miscellaneous.
  - (a) Modification. This Amendment and the AR Agreement when executed constitute the entire agreement and understanding between the Parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the Parties and relating to the subject matter contained in this Amendment and the AR Agreement, whether written or verbal, other than as contained within the executed Amendment and AR Agreement, are void and have no force and effect. In order to be binding between the Parties, any subsequent modifications must be in writing signed by the Parties.
  - (b) Effect on Agreement. Except as specifically modified or supplemented by this Amendment, all terms, conditions, covenants and agreements set forth in the AR Agreement shall remain in full

force and effect.

- (c) Inconsistency. In the event of any inconsistency between the executed AR Agreement and this Amendment, this Amendment shall prevail.
- (d) Defined Terms. Any capitalized term that is not defined herein shall have the meaning ascribed to such term in the AR Agreement. Any reference to “Section” or “Sections” shall refer to the Section or Sections of the AR Agreement unless otherwise noted.
- (e) Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.
- (f) Assignment. You may not assign this Amendment. The benefits and privileges granted to you under this Amendment are personal and non-transferable. Accordingly, if you sell your area representative business, the buyer will not be entitled to any of the terms or incentives made available to you pursuant to this Amendment.

In witness whereof, the Parties have executed this Amendment on the date first set forth above.

**US:**

Success Franchising, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: Ted Laatz  
Its: President

**YOU (If you are an entity):**

\_\_\_\_\_, a(n)  
\_\_\_\_\_

**YOU (If you are not an entity):**

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

**EXHIBIT "H"**  
**TO DISCLOSURE DOCUMENT**  
**STATE EFFECTIVE DATES**

**State Effective Dates**

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

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

<b>State</b>	<b>Effective Date</b>
California	July 11, 2024
Hawaii	
Illinois	July 5, 2024
Indiana	June 1, 2024
Maryland	July 22, 2024
Michigan	June 5, 2024
Minnesota	
New York	
North Dakota	
Rhode Island	July 10, 2024
South Dakota	
Virginia	
Washington	
Wisconsin	May 31, 2024

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 "I"**  
**TO DISCLOSURE DOCUMENT**  
**RECEIPTS**

[See Attached]

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If SUCCESS Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SUCCESS Franchising, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

\_\_\_\_ Ted Laatz; 5473 Blair Rd. Suite 100, PMB 30053, Dallas, Texas 75231; (800) 570-6414

\_\_\_\_ Ben Litalien; 5473 Blair Rd. Suite 100, PMB 30053, Dallas, Texas 75231; (800) 570-6414

\_\_\_\_ Andrew Johnson; 9842 N. 48th Pl. Paradise Valley, AZ 85253; (480) 205-2947

\_\_\_\_ Shaun Hagopian; 999 Corporate Drive, Suite 215, Ladera Ranch, California 92629; (619) 403-6209

\_\_\_\_\_  
Issuance Date: April 19, 2024

SUCCESS Franchising, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Area Representative Agreement
EXHIBIT "D"	Table of Contents of Area Representative Manual
EXHIBIT "E"	List of Area Representatives
EXHIBIT "F"	Financial Statements of SUCCESS Franchising, LLC
EXHIBIT "G"	Other Agreements
EXHIBIT "G"-1	State Addenda and Disclosures
EXHIBIT "G"-2	General Release
EXHIBIT "G"-3	Founders' Club Amendment
EXHIBIT "H"	State Effective Dates
EXHIBIT "I"	Receipts

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to SUCCESS Franchising, LLC)

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EXHIBIT "I"	Receipts

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Signature) Prospective Franchise Owner

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