

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. 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 California than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise 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.
5. **Unopened Franchises.** The Franchisor has signed a significant number of Franchise Agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

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.

We do not combine discounts.

## Technology Fee

You will pay us a non-refundable fee for our current Technology ("Technology Fee").

You will begin paying us the Technology Fee the second month after your Effective Date of your Franchise Agreement ("**Technology Fee Commencement Date**") in the amount of \$185 per month. The Technology Fee will increase to our then current amount the first month your Pre-Sale Marketing Period begins (See Item 11). The current Technology Fee is \$1040.50 per month (See Item 6). We estimate that the period from the Technology Fee Commencement Date to the first month of your Pre-Sale Marketing Period is seven months. The reduced Technology Fee during this period is \$1,295. You will begin paying the full amount of the Technology Fee the first month of your Pre-Sale Marketing Period. We estimate the period of time that you will pay the full Technology Fee prior to opening your PERSPIRE SAUNA STUDIO Business to be three months. The Technology Fee during this period is \$3,121.50.

## Digital Marketing Signage Fee

You will pay us a non-refundable fee for the setup and monthly license fee for the digital marketing signs installed at the Location of your PERSPIRE SAUNA STUDIO Business. The current fee for the license to the digital marketing sign is \$50 per month ("**Digital Marketing Signage Fee**"). The setup fee is \$100. You will pay the setup fee at the time the digital marketing signs are installed and commence paying us the monthly Digital Marketing Signage Fee ~~for~~beginning the ~~first~~second month the digital marketing signs are installed in your Location.

## ADA: Development Fee

If we grant you the right to open a minimum of three PERSPIRE SAUNA STUDIO Businesses under an ADA, you must pay us the Initial Franchise Fee for the first PERSPIRE SAUNA STUDIO and a one-time development fee based on the number of additional PERSPIRE SAUNA STUDIO Businesses you agree to open as follows ("**Development Fee**"):

Total No. of PERSPIRE SAUNA STUDIO Businesses	Initial Franchise Fee for First PERSPIRE SAUNA STUDIOS	Development Fee	Total Fee Paid at Time First Franchise Agreement and ADA is Signed
Three	\$50,000	\$75,000	\$125,000
Four	\$50,000	\$110,000	\$160,000
Five - Six	\$50,000	\$140,000 - \$170,000	\$190,000-\$220,000

Type of Expenditures	Estimated Amount		Method of payment	When due	To whom payment is made
	Low	High			
Leasehold Improvements <sup>(5)</sup>	\$341,000	\$585,000	As Incurred	As Arranged	Contractor, Approved Suppliers and Other Suppliers and Vendors
Permits, Etc. <sup>(6)</sup>	\$1,700	\$6,000	As Arranged	As Arranged	Government Agencies
Opening Inventory And Supplies <sup>(7)</sup>	\$3,000	\$6,000	As Incurred	As Incurred	Approved Suppliers
Pre-Sale Marketing And Grand Opening Advertising <sup>(8)</sup>	\$20,000	\$20,000	As Incurred	As Arranged	Ad Agencies, Local stations, suppliers
Insurance <sup>(9)</sup>	\$2,000	\$10,000	As Arranged	As Arranged	Insurance Carrier
<a href="#">Digital Marketing Signage Fee<sup>(10)</sup></a>	<a href="#">\$300</a>	<a href="#">\$300</a>	<a href="#">ACH</a>	<a href="#">Monthly</a>	<a href="#">Us</a>
Technology Fee from the Technology Commencement Date through Three Months after Required Opening Date <sup>(+9)(11)</sup>	\$7,538	\$7,538	ACH	Monthly, beginning the Technology Fee Commencement Date.	Us
Professional And Organization Costs <sup>(+)(12)</sup>	\$5,200	\$6,400	As Arranged	As Arranged	Lawyers; Accountants
Estimated Shipping And Sauna Install <sup>(+)(2)(13)</sup>	\$3,600	\$17,700	As Incurred	As Arranged	Shipping Company and Installer
Signage <sup>(+)(3)(14)</sup>	\$12,500	\$34,000	As Incurred	As Arranged	Approved Supplier
New Store Opening Kit <sup>(+)(4)(15)</sup>	\$5,000	\$5,000	Lump Sum	Upon demand, prior to opening.	Approved Supplier r
Additional Funds Three Months <sup>(15)</sup>	<del>\$25,000</del> <a href="#">24,700</a>	<del>\$60,000</del> <a href="#">59,700</a>	As Arranged	As Incurred	Varies (Third Parties, Personnel, Approved Suppliers)
Total <sup>(+)(6)(17)</sup>	\$565,538	\$989,638			

### Notes

All expenditures paid to us or our affiliates are nonrefundable under any circumstances once paid. Fees paid to vendors, suppliers, or other third parties may or may not be refundable depending on their policies or your arrangements with them. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan. All estimates in this ITEM 7 are based on a new PERSPIRE SAUNA STUDIO Business with a footprint of approximately 1,225 to 2,428 square feet. Your costs may be higher if you operate your PERSPIRE SAUNA STUDIO Business from larger premises.

must use our Approved Supplier for the architectural initial drawings and Fit Plan for the Location of your PERSPIRE SAUNA STUDIO Business.

6. Permits; Licenses. You must secure all necessary licenses and permits as required by your local authorities to build out your Location and operate your PERSPIRE SAUNA STUDIO Business.

7. Opening Inventory And Supplies. We estimate that the amount in the chart will provide sufficient inventory for the initial opening of your PERSPIRE SAUNA STUDIO Business for a period of three months. These amounts may vary according to your sales volume and supplier requirements. Opening inventory and supplies will include, but are not limited to: uniforms, retail inventory, leaning supplies and other miscellaneous items as outlined by us in the Operations Manual or otherwise specified by us in writing. We reserve the right to change the selection of opening inventory and supplies at any time.

8. Pre-Sale Marketing And Grand Opening Advertising. You must spend a minimum of \$20,000 during the Pre-Sale Marketing Period and for the first month after your Required Opening Date on Pre-Sale Marketing. The Pre-Sale Marketing Period includes the 90-day period immediately preceding your Required Opening Date or such other period we designate.

9. Insurance. These amounts represent three months of the annual premium for the required insurance. Many insurance companies will require you to pay these amounts prior to opening and allow you to pay the remainder in monthly installments throughout the year.

10. Digital Marketing Signage Fee. You will pay the setup fee and commence paying us the monthly Digital Marketing Signage Fee beginning the second month the digital marketing signs are installed in your PERSPIRE SAUNA STUDIO Business. ~~Technology Fee.~~ You will pay us the ~~Technology Fee~~ for the Technology that we require. ~~The estimate includes the reduced Technology Fee from the Technology Commencement Date through the Pre-Sale Marketing Period (estimated at seven months) and the full amount of the Technology Fee from the Pre-Sale Marketing Period through three months after your Required Opening Date (estimated at six months). The amount you pay will vary depending on when your Pre-Sale Marketing Period commences.~~

~~11. Technology Fee. You will pay us the Technology Fee for the Technology that we require. The estimate includes the reduced Technology Fee from the Technology Commencement Date through the Pre-Sale Marketing Period (estimated at seven months) and the full amount of the Technology Fee from the Pre-Sale Marketing Period through three months after your Required Opening Date (estimated at six months). The amount you pay will vary depending on when your Pre-Sale Marketing Period commences.~~

~~12. Professional And Organization Costs. You will incur expenses related to legal fees, accountants, and other expenses in the normal course of setting up your PERSPIRE SAUNA STUDIO Business.~~

~~13. Estimated Shipping And Sauna Install. You will have to pay shipping costs and installation for your saunas. This figure is an estimate and will depend how far your Location for your PERSPIRE SAUNA STUDIO Business is from the manufacturer's facilities and the cost of having a recommended installer install all of your saunas.~~

~~14. Signage. You will need to purchase exterior signage for your PERSPIRE SAUNA STUDIO Business. The low end reflects one exterior sign for your Location and the high end reflects multiple exterior signs. All signage must be approved by us and your landlord.~~

~~15. New Store Opening Kit. The New Store Opening Kit includes a pop-up-tent, table covers, banner and other branded collateral used for marketing purposes.~~

~~16. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase for your PERSPIRE SAUNA STUDIO Business, including pre-opening expenses, ~~the Digital Marketing Signage Fee and~~ employees' salaries for~~

the Pre-Sale Marketing Period and the first three months that the PERSPIRE SAUNA STUDIO Business is open. The estimate of additional funds does not include an owner's salary or draw or debt service. Additional working capital may be required if sales are low or operating costs are high. We relied on our affiliates' experience in operating PERSPIRE SAUNA STUDIO Businesses and our years of franchising experience in compiling these estimates.

**1617. Total.** The amounts shown are estimates only and may vary for many reasons including the location size of the Location you lease for your PERSPIRE SAUNA STUDIO Business, the capabilities of your management team, and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. We cannot guarantee that you will not have additional expenses in starting the PERSPIRE SAUNA STUDIO Business. These amounts do not consider the potential for supplier increases due to shipping, labor shortage, tariffs, and other related costs we cannot determine at this time. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

**B. ADA (Minimum of Three PERSPIRE SAUNA STUDIO Businesses)**

Type of Expenditures <sup>(1)</sup>	Estimated Amount		Method of payment	When due	To whom payment is made
	Low	High			
Development Fee for Two additional PERSPIRE SAUNA STUDIO Business <sup>(2)</sup>	\$75,000	\$75,000	Lump Sum	On Signing the ADA	Us
Initial Investment to Open the First PERSPIRE SAUNA STUDIO Business <sup>(3)</sup>	\$565,538	\$989,638	See Chart A Above	See Chart A Above	See Chart A Above
Initial Investment to Open Initial Second PERSPIRE SAUNA STUDIO Business	\$515,538	\$939,638	See Chart A Above	See Chart A Above	See Chart A Above
Initial Investment to Open the Third PERSPIRE SAUNA STUDIO Business	\$515,538	\$939,638	See Chart A Above	See Chart A Above	See Chart A Above
TOTAL <sup>(4)</sup>	\$1,106,076 671,614	\$1,954,276 2,943,914			

**Notes**

1. Development Fee. If you sign an ADA, you will pay us the non-refundable Initial Franchise Fee for the first PERSPIRE SAUNA STUDIO Business, and the non-refundable Development Fee based

**ADDENDUM TO SWEAT EQUITY GROUP, LLC**

**PERSPIRE SAUNA STUDIO  
DISCLOSURE DOCUMENT FOR THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement and the Area Development Agreement.

Due to our financial condition, please be advised that we have obtained a surety bond in the amount of \$135,000 to demonstrate our financial capability to fulfill our pre-opening obligations to franchisees under the Franchise Agreement and/or Area Development Agreement. The bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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 waiver compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

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~~ behalf of the Franchisor, franchise seller, or other person acting on behalf of ~~the franchisor, a Franchisor~~. This provision supersedes any other term of any document executed in connection with the franchise.

~~Sweat Equity Group, LLC~~

~~a California limited liability company~~

~~(Name of corporations, limited liability company or partnership of Franchisee)~~

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

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

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

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

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

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

**EFFECTIVE DATE:** \_\_\_\_\_

**ADDENDUM TO SWEAT EQUITY GROUP, LLC  
PERSPIRE SAUNA STUDIO  
FRANCHISE AGREEMENT FOR THE STATE OF ILLINOIS**

This Addendum to the Franchise Agreement is agreed to \_\_\_\_\_, is by and between Sweat Equity Group, LLC and \_\_\_\_\_.

1. Illinois law governs the Franchise Agreement.

2. Due to our financial condition, please be advised that we have obtained a surety bond in the amount of \$135,000 to demonstrate our financial capability to fulfill our pre-opening obligations to franchisees under the Franchise Agreement. The bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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 waiver compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on ~~any statement made by any franchisor~~ behalf of the Franchisor, franchise seller, or other person acting on behalf of ~~the franchisor~~ a Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO SWEAT EQUITY GROUP, LLC  
PERSPIRE SAUNA STUDIO  
AREA DEVELOPEMENT AGREEMENT FOR THE STATE OF ILLINOIS**

This Addendum to the Area Development Agreement is agreed to this \_\_\_\_\_, is by and between Sweat Equity Group, LLC and \_\_\_\_\_.

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1. Illinois law governs the Area Development Agreement.
2. Due to our financial condition, please be advised that we have obtained a surety bond in the amount of \$135,000 to demonstrate our financial capability to fulfill our pre-opening obligations to franchisees under the Area Development Agreement. The bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
4. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. 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 waiver compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on ~~any statement made by any franchisor~~ behalf of the Franchisor, franchise seller, or other person acting on behalf of ~~the franchisor.~~ a Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

Sweat Equity Group, LLC

a California limited liability company

\_\_\_\_\_  
(Name of corporations, limited liability company or partnership of Franchisee)

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

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

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

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

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

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

**EFFECTIVE** \_\_\_\_\_ **DATE:** \_\_\_\_\_  
\_\_\_\_\_

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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

\_\_\_\_\_  
Sweat Equity Group, LLC  
(Name of corporations, limited liability company or partnership of Franchisee) a California limited liability company

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

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

**EFFECTIVE DATE:**  
\_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO SWEAT EQUITY GROUP, LLC**  
**PERSPIRE SAUNA STUDIO**  
**FRANCHISE AGREEMENT FOR THE STATE OF MICHIGAN**

The following disclosures are required by the State of Michigan:

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

Each of the following provisions is void and unenforceable if contained in any documents related 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 will 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 this term except for good cause. Good cause includes 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 will not preclude the franchisee from entering into an agreement, at the time

of arbitration or litigation, to conduct arbitration or litigation 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. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:

1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

4) 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 and has failed to cure the breach in the manner provided in subdivision (C).

1) 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 a provision has been made for providing the required contractual services.

2) 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.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Consumer Protection Division  
Antitrust and Franchising Unit  
Michigan Department of Attorney General  
670 Law Building  
Lansing, MI 48913  
(517) 373-7117

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

\_\_\_\_\_  
(Name of corporations, limited liability company or partnership of Franchisee)

Sweat Equity Group, LLC  
a California limited liability company

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

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

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

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

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

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

**EFFECTIVE DATE:** \_\_\_\_\_

**ADDENDUM TO SWEAT EQUITY GROUP, LLC  
PERSPIRE SAUNA STUDIO  
FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA**

This Addendum to the Franchise Agreement is agreed to \_\_\_\_\_, is by and between Sweat Equity Group, LLC and \_\_\_\_\_.

1. Minn. Stat §80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Agreement 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. (Franchise Agreement, Section 19.3)

2. We will comply with Minn. Stat. Sec 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) (Franchise Agreement, Section 15) and 180 days' notice for non-renewal of the Agreement. (Franchise Agreement, Section 15)

3. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Rule 2860.44400J, provided that the foregoing shall not bar an exclusive arbitration clause. (Franchise Agreement, Section 14.2)

4. Under Minnesota Rule 2860.44400J, Franchisee cannot consent to the Franchisor obtaining injunctive relief. (Franchise Agreement, Section 19.12 3A)

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

\_\_\_\_\_  
(Name of corporations, limited liability company or partnership of Franchisee)

Sweat Equity Group, LLC  
a California limited liability company

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

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

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

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

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

Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled

**"Termination by franchisee":**

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

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

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

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

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

\_\_\_\_\_  
(Name of corporations, limited liability company or partnership of Franchisee)

~~Sweat Equity Group, LLC~~  
~~a California limited liability company~~

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

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

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

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

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

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

**EFFECTIVE DATE:** \_\_\_\_\_

## State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	<del>Pending</del> <a href="#">June 27, 2025</a>
Indiana	<del>Pending</del> <a href="#">June 4, 2025</a>
Maryland	Pending
Michigan	<del>Pending</del> <a href="#">June 3, 2025</a>
Minnesota	Pending
New York	Pending
North Dakota	<del>Pending</del> <a href="#">June 3, 2025</a>
Rhode Island	<del>Pending</del> <a href="#">June 7, 2025</a>
South Dakota	<del>Pending</del> <a href="#">June 3, 2025</a>
Virginia	Pending
Washington	Pending
Wisconsin	June 1, 2025

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.

30.14. OUT-OF-STOCK AND DISCONTINUED. Franchisor is not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if Franchisor cannot deliver, or cause to be delivered, or if Franchisor's Affiliates or designated sources or Approved Suppliers cannot deliver, all of Franchisee's orders for products, merchandise, equipment, supplies, etc., where such things are out-of-stock or discontinued.

30.15. ENTIRE AGREEMENT. The preambles and exhibits are a part of this Agreement which, together with the Operations Manual and Franchisor's other written policies, constitute Franchisor and Franchisee's entire agreement except as provided below. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either the Franchisor or the Franchisee that are not contained in this Agreement will not be enforceable. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement. In addition, any Area Development Agreements between the parties, as well as any other Franchise Agreement(s), will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. ~~The parties hereby acknowledge that this provision will not act as a disclaimer of~~ Notwithstanding the foregoing, nothing in this Agreement or any related agreement is intended to disclaim the representations made ~~by the Franchisor~~ in the Franchise Disclosure Document ~~provided to the Franchisee prior to the execution of this Agreement, its exhibits and amendments.~~ Nor will this provision act as a disclaimer by the Franchisee or the representations made by Franchisee in any franchise application or otherwise to induce Franchisor to enter into the Franchise Agreement. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (1) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (2) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

30.16. WITHHOLD APPROVAL. Except where this Agreement expressly obligates Franchisor reasonably to approve or not unreasonably to withhold Franchisor approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold Franchisor's approval of any of Franchisee's proposed or effected actions that require Franchisor approval.

30.17. HEADINGS. The headings of the several Sections hereof are for convenience only and do not define, limit or construe the contents of such Sections

30.18. JOINT AND SEVERAL OWNERS' LIABILITY. If two or more persons are at any time the owner of the BUSINESS hereunder, whether as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several.

30.19. RIGHT TO INFORMATION. Franchisee consent to Franchisor obtaining, using and disclosing to third parties (including, without limitation, financial institutions, legal and financial advisors, and prospective franchisees), for any purpose Franchisor specify or as may be required by law, all financial and other information (including, without limitation,