

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 Alabama. 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 Alabama 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 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.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **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 also may 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.

HYDRALIVE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language, this disclosure document uses “we,” “us,” “our” or “Franchisor” to mean Hydralive Franchising LLC, the franchisor, and “you,” “your” or “Franchisee” means the individual, corporation or other entity that buys a Hydralive franchise. “You” also includes the franchise owners, partners or members.

The Franchisor, Any Parents, Predecessors and Affiliates

Hydralive Franchising LLC is a Georgia limited liability company organized December 2, 2019. Our principal business address is 1914 4th Ave N, Suite 300, Birmingham, Alabama 35203. We conduct business under the name “Hydralive.”

K & B Wellness Group, LLC (“K & B”), an Alabama limited liability company, had previously offered “Hyrdalive” franchises since 2017. On the effective date of December 31, 2019, K & B transferred ownership of the Name, Marks, and franchising rights to Hydralive Holdings LLC, whose business address is 422 Ridgemoor Pass, Canton, Georgia 30115. Thereafter, Hydralive Holdings LLC transferred all franchise rights to Hydralive Franchising LLC and licensed the use of its Marks (including United States Patent and Trademark Registration No. 5587312) to Hydralive Franchising, LLC. Hydralive Holdings LLC is now the 100% owner of Hydralive Franchising LLC.

As of the Issuance Date, our parent Hydralive Holdings, LLC operated three similar “Hydralive” locations (one in Tuscaloosa, Alabama and two in Birmingham). Hydralive Holdings, LLC will not participate in our franchising program, nor will it provide any management or operational services or financial guarantees for our franchisees, except that use may be made of their locations and personnel for training purposes.

We have not previously offered franchises in any other line of business.

Agents for Service of Process

Our Agents for Service of Process are set forth in Exhibit “F” of the disclosure document.

The Franchises Being Offered

Our franchise is for a clinic providing hydration therapy and related services and/or products we may designate from time to time, with a goal of providing consistent, timely, and professional services emphasizing security and appreciation for our customers.

We also offer qualified applicants an opportunity to develop and open a specified number of Hydralive clinic franchises within a defined geographical area over a required period of time (see Exhibit “H”). You will pay a development fee, which will depend upon the number of locations to be opened within a defined geographical area over a required period of time. You will sign the Form of Franchise Agreement included as Exhibit “G” of the disclosure document for the first Hydralive Clinic location. You will also sign the then-current form of franchise agreement for each Hydralive clinic location, which may be different than the form of franchise agreement included in this franchise

ITEM 2

BUSINESS EXPERIENCE

Brandon Stewart: President and CEO

Brandon has served as President and Chief Executive Officer of Hydralive Franchising LLC since June 2023. From 2010 until present, he has also served in Birmingham, Alabama as President and Chief Executive Officer of Starboard Investments, a multi-unit Jimmy John's® restaurant franchisee with 13 units. From January 2021 to present, he has also served as Corporate Advisor for X⁴ Fitness, LLC in Birmingham, Alabama. He has owned and operated Starboard Fitness, LLC (a franchisee of X⁴ Fitness, LLC) in Birmingham, Alabama since April 2022. From December 2022 until April 2023, Brandon was the Operating Partner of Axum Capital (Nashville, Tennessee) where he acted as interim President and CEO with the primary duty of restructuring Tantum Companies, LLC, dba Back Yard Burgers. From 2018 until December 2021, Brandon was President and Chief Operating Officer for Kensington Hill Capital (Dublin, Ohio), a multi-unit Jimmy John's® Restaurant franchisee with 43 units across three states. ~~Brandon holds a Bachelor of Business Administration summa cum laude with highest honors in Finance from the University of Georgia.~~

Lewis Callaway: Director of Finance

Lewis Callaway has served as the Director of Finance of Hydralive Franchising LLC since March 2024. From March 2024 to present, he has also served as Director of Finance for Starboard Management in Birmingham, Alabama. From June 2021 to March 2024, Lewis served as Manager of Warren Averett in Birmingham, Alabama. From November 2016 to June 2021, Lewis served as Supervisor for RSM US LLP in Birmingham, Alabama.

Kaitlin Johnson: Vice President of Franchise Development

Kaitlin joined Hydralive Franchising LLC in January 2024 as Vice President of Franchise Development. ~~From 2015-2018, Kaitlin held the roles of Sr. Franchise Recruiter and Director of Franchise Development at Pure Barre Corporate in Spartanburg, South Carolina. From 2021-From 2021 to 2023, Kaitlin served as Director of Franchise Development at WellBiz Brands, Inc. in Denver, Colorado. At WellBiz Brands, Inc., she represented and sold licenses for four brands within the portfolio: Drybar®, Elements Massage®, Amazing Lash Studio® and Radiant Waxing®. Kaitlin holds a Bachelor of Arts degree from the University of Southern Mississippi.~~

Brent Green: Director of Operations

Brent joined Hydralive Franchising LLC in January 2024 as Director of Operations. From June 2012 through the issuance date of the Disclosure Document, Brent has worked for the Alabama National Guard as an Engineer Sergeant in Birmingham, Alabama. From June 2020 through December 2020, he was employed by Shaw Technology as a Business Account Manager in Birmingham, Alabama and from December 2020 through December 2023, as NCOIC for the Alabama National Guard – Recruiting, in Birmingham, Alabama.

Christy Johnson: Marketing Director

Christy acts as our Marketing Director and has acted as Marketing Director since our formation in 2019. Since 2010, Christy has also served as the Director and President of Crash 14 located in Birmingham, Alabama. ~~From 2013-2016, Christy was the social media content and~~

~~community manager for Protective Life Insurance Company, headquartered in Birmingham, Alabama, where she oversaw the development, implementation and management of social strategy and corporate sponsorships.~~ Since 2016, Christy has also served as Marketing Manager for South Oak Title Closing Services, a boutique real estate title and closing company, headquartered in Birmingham, Alabama. ~~From 2011-2013, she served as a marketing consultant for Apex Meetings and Events in Chantilly, Virginia.~~

ITEM 3

LITIGATION

No litigation is required to be disclosed in this disclosure document.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this disclosure document.

ITEM 5

INITIAL FEES

1. Franchise Agreement

The non-refundable Initial Franchise Fee for one Hydralive Clinic location is Forty Nine Thousand Five Hundred Dollars (\$49,500) for a territory of 75,000 people as determined by our third party mapping software demographics (Locate.AI), with a minimum annual income between \$60,000 to \$70,000 or a three (3) mile radius surrounding the franchised Clinic, whichever is less; as assigned by franchisor based upon your franchise business address approved by us.

2. Area Development Agreement

If we consider you to have sufficient business experience and financial qualifications to qualify as an Area Developer, you may be granted the right to enter into an Area Development Agreement with us that will allow you to open additional franchises within a specific geographic area. If you sign an Area Development Agreement you will not pay us an Initial Franchise Fee with the opening of each individual franchise but will instead pay us a Development Fee for the entire package granted to you. The amount of the Development Fee depends upon the number of Hydralive clinics you are authorized to open. The Development Fee for our minimum requirement of two Hydralive clinics to be developed is Ninety-One Thousand Five Hundred (\$91,500). The Development Fee for three Hydralive clinics is One Hundred Twenty-Nine Thousand Five Hundred (\$129,500). The Development Fee for four clinics is One Hundred Sixty-Five Thousand Five Hundred Dollars (\$165,500). The Development Fee for five clinics is One Hundred Ninety-Nine Thousand Five Hundred Dollars (\$199,500). The Development Fee for six clinics is Two Hundred Thirty-One Thousand Five Hundred Dollars (\$231,500). In special circumstances we may consider the sale of further additional Hydralive clinics (up to ten clinics) for an additional fee of Thirty Thousand Dollars (\$30,000) for each franchise to be developed after the 6th clinic. The first clinic must be open within 9 months of the date you enter into your first agreement. Each new Hydralive clinic from two through the 5th clinic thereafter must be opened within 12 months of the Opening

increase based upon price increases of the vendor. See footnote 11 (equipment) if you decide to lease the Clinic Furniture and/or Equipment.

13. Additional Funds – Initial Three (3) Months. You will need additional funds to cover expenses during your startup phase (approximately three (3) months). However, the actual amount you will need will depend on a number of factors, including the number of employees, how well you control your initial expenses and your level of sales and marketing during the initial period.

The estimate of additional funds for the initial phase of your business is based on recurring expenses and operating expenses for the first three (3) months of operation. The estimate of additional funds does not include an owner’s salary or draw or staff salaries. The additional funds required will vary by your management skill, experience, and business acumen; the relative effectiveness of staff you may employ; local economic conditions; the local market for your services; the prevailing wage rate; competition; and the sales level that you reach in your territory. ~~You may incur other or higher costs or fees; you may also need operating capital when running the business that is in addition to what is estimated here.~~ These figures are estimates based upon information provided to us from our affiliate location.

14. Total Estimated Initial Investment. The above table estimates the total initial investment for a single franchise location.

B. YOUR ESTIMATED INITIAL INVESTMENT (For Two Locations Pursuant to Area Development Agreement)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Area Development Fee (Note 1)	\$91,500	One Installment	On Signing Development Agreement	Us
Estimated Investment to Develop Initial Location within Development Area	\$207,650 to \$446,900	See Chart 7(A) for the initial investment associated with the opening and initial operations of a new Hydralive clinic.		
Total (Note 2,3)	\$299,150 - \$538,400 (excluding real property)	This is the total estimated initial investment to enter into an Area Development Agreement for the right to own a total of two (2) Hydralive clinics, as well as the costs to open and commence operating your initial clinic for the first three (3) months (as described more fully in Chart A of this Item 7).		

Note 1: The Area Development Fee listed above is for two (2) Hydralive clinics, the minimum number of Hydralive clinics required for an Area Development Agreement.

The second Hydralive clinic must be open within twelve (12) months from your Opening Date of the first Hydralive clinic.

Note 2: All fees payable to us are fully earned when paid and non-refundable. Area Development Fees are payable to us upon signing the Area Development Agreement.

Note 3: These payments are only estimates and your costs may be higher. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to enter into an Area Development Agreement. We do not offer financing for your initial investment. The availability and terms of financing with third party lenders will depend upon factors such as the availability of financing generally, your creditworthiness and policies of lending institutions concerning the type of business to be operated.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

One of our prime objectives is to ensure quality control and protect the image of our franchise system. The success of our system depends upon the high standards, uniformity of satisfaction of customers and the health and safety of our clients. In order to achieve these high standards, you are required to sell or offer for sale all products, items and services approved by us and not deviate from our standards and specifications by offering or selling unapproved products, items or services.

Purchase or Lease of Equipment, Furniture, Fixtures

You must use signs, furnishings, supplies, fixtures and equipment, which comply with our standards and specifications. Specifications may include minimum standards for delivery, performance, design, and appearance, and local zoning, sign and other restrictions.

We estimate that your required purchases will account for eighty percent (80%) to ninety percent (90%) of all purchases and leases necessary to establish the Franchised Business, and approximately eighty percent (80%) to ninety percent (90%) of all purchases and leases necessary to operate the Franchised Business after opening.

Specifications, Standards and Procedures

You agree to operate your franchise in strict conformity with our standards, specifications and procedures as described in the Franchise Agreement, the Operations Manual and other written documents. You must equip, maintain, staff and operate the franchised location strictly in accordance with the methods, procedures and techniques we, from time to time, establish and publish in the Operations Manual and other written documents which may be modified from time to time. The Operations Manual may be printed or in electronic format, at our discretion. We have the right under the Franchise Agreement, to change standards, specifications and procedures applicable to the operation of the Franchise, including those for equipment, furniture, fixtures, signs, products, new techniques, use of new or modified logos, trade names, service marks, copyrighted materials or new services. You recognize our right to make any such modifications or changes and agree to accept,

implement, use and display such changes and modifications at your expense. You agree that you will make all changes or modifications that we may require, within a reasonable time after notice from us.

Suppliers

We reserve the right, under the Franchise Agreement, to require you to purchase certain items from us, our affiliate or an unaffiliated designated supplier. Our criteria for supplier approval are not available to you and we do not issue our standards and specifications to suppliers. We currently approve suppliers upon request submitted upon our “Supplier Approval Form” and payment of a supplier approval fee, currently \$40 per hour for us to evaluate the proposed supplier. Based upon information and samples you supply us, we will test the items supplied and review the proposed supplier’s financial records, business reputation, delivery performance, credit, and other information we request from you on the supplier. We will complete our review promptly, generally within ninety (90) days. We have the right to revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your franchise location and not for any competitive business purpose. Once we approve a supplier, we have the exclusive right to negotiate price terms directly with the supplier on your behalf and on behalf of all System franchisees. We or our affiliate may be the only approved supplier for certain proprietary items. Nothing contained in this Disclosure Document, the Franchise Agreement, or the Area Development Agreement requires us to approve an inordinate number of suppliers of any given item or approve suppliers, which in our reasonable judgment, would result in higher cost to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

We may receive rebates from approved suppliers from time to time as part of our purchasing negotiations and auditing services. Currently, the supplier of the electric cryotherapy chamber equipment will pay us a rebate of \$5,000 in connection with franchisees’ purchase of such equipment, and we will receive a 5% rebate on franchisees’ pharmacy purchases.

During our last fiscal year ended December 31, 2024, we were not the supplier of any services and collected no rebates. No officers of Franchisor own an interest in any supplier. We did not derive any revenue from franchisees required purchases or leases of products for business operations and services.

We currently utilize the following suppliers:

Medical Director Fee

Currently we can assist with identifying a Medical Director to oversee all assessments made at each franchisee clinic. Fees are paid to Medical Director(s) that we identify. The role of the Medical Director(s) is to oversee medical standing orders, and clinical protocols and decisions made at each Franchise Clinic. The Medical Director(s) charges a fee for direct supervision in states where an MSA is in place pursuant to which the professional entity contracts with the Medical Director for

services. The fee for direct supervision is currently \$1,000 to \$2,500 depending on services offered and state specific requirements. If there is no MSA in place, then you must pay a monthly fee of \$250 for indirect supervision for a Medical Director that we assist you in identifying. If a franchisee (in a state without corporate practice of medicine laws), or a professional entity (in a state with corporate practice of medicine laws) contracts with a Medical Director that they identify on their own, then the franchisee or professional entity, as applicable, must pay the Medical Director(s) a fee to be negotiated between the franchisee or professional entity on the one hand and the Medical Director on the other.

POS/CRM Platform Fee and CRM Marketing Plug-In Fee

We currently have a designated supplier that provides point of sale (“POS”) and customer relationship management (“CRM”) platform services. You will pay a monthly POS/CRM Platform Fee of \$728 to \$828 per month to the designated supplier for these services (“POS/CRM Platform Fee”).

We currently have a designated supplier that provides a CRM marketing plug in. You will pay a monthly CRM Marketing Plug-In Fee of \$198 to \$348 per month to the designated supplier for these services (“CRM Marketing Plug-In Fee”).

Telehealth Technology Fee

You are required to participate in our telehealth program, which is supplied by a designated supplier and collectively billed to us for all System franchisees. You will be required to pay to us a telehealth technology fee in the amount of \$50 per month (“Telehealth Technology Fee”).

~~We estimate that your required purchases will account for eighty percent (80%) to ninety percent (90%) of all purchases and leases necessary to establish the Franchised Business, and approximately eighty percent (80%) to ninety percent (90%) of all purchases and leases necessary to operate the Franchised Business after opening.~~

Negotiated Prices

We may in the future negotiate rebates with any supplier. Any rebates negotiated will be used to offset the cost of administrative support to our franchisees. We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we may pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
v	Post termination obligations	§ 16 and 17	§ 9 and 10	Item 17
w	Non-competition covenants	§ 9, 10, 17 and 19	§ 7, 10 and 13	Item 17
x	Dispute Resolution	§ 19	§ 13	Item 17
y	Liquidated Damages	§ 17	None	Item 17
z	Personal Guaranty	§ 1	§ 1 and 5	Item 10 and 15; Exhibit K
y	Spousal Consent	§ 1 and 20; Exhibit G-Three	None	Item 15

ITEM 10

FINANCING

We do not offer, ~~directly direct~~ or ~~indirectly, any indirect~~ financing ~~arrangements to you.~~ Neither, We do ~~we~~not guarantee your note, lease or ~~any other~~ obligation. ~~We do not place financing and, therefore, we do not receive payments for the placement of financing.~~

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Preopening Assistance

Before you begin operating your business:

(i) We will approve the location of your business and provide a territory surrounding the site of your business where we will not place another franchisee (Franchise Agreement – Section 4).

You must select a site for your business, submit the location for our approval and enter into a lease or purchase agreement for the clinic location, and be conducting business at the approved location within Two Hundred Seventy (270) days or your franchise will be terminated without any refund of fees or expenses. We will accept or reject a site you propose within fifteen (15) days. If we notify you we will not accept a site, you must submit an alternative site. Failure to obtain our approval

unaudited financial statements accounting for the placement of all Brand Fund Fees. We will not receive any payment or fee for providing services to the fund. Surplus funds at the end of any year will be carried over into the following year. Some advertising media will be generated by us and other items may be produced by selected agencies. We will determine how and where the money will be spent at our sole discretion whether local, regional or national. Marketing will not be designated for the benefit of any specific franchisee, but for the benefit of the system as a whole as we may determine from time to time. We do not intend to use the Brand Fund contributions for advertising that principally is a solicitation for the sale of franchises, except that we may use/display the phrase “Franchises Available” on all advertising/marketing or other activities covered by the Brand Fund. Upon your written request, we will provide you a copy of our annual report of expenditures of the Brand Fund and how funds were raised during the most recently ended fiscal year on a confidential basis.

We will decide the amount and nature of all expenditures of the Brand Fund and how and where all expenditures are made. In accordance with Section 16 of the Franchise Agreement, services provided pursuant to this Brand Fund may be deactivated upon a franchisee’s failure to pay the weekly fee in a timely manner and will be reinstated only when payments and penalties are brought current. Franchisor has ownership rights to any designs you purchase and the right to share those with other franchisees.

For the fiscal year ending December 31, 2024, we collected no fees from franchisees for the Brand Fund.

We do not maintain any other Advertising or Marketing Fund or any Advertising Council or Cooperative of any kind. However, we reserve the right to form an Advertising Cooperative and require your participation and contribution of up to 2% of your weekly Gross Revenue. We also reserve the right to form an Advertising Council.

National Website

The National Website is a primary part of our marketing format for the entire franchise system. Its major purpose is to establish and promote our brand that will attract clients for our franchisees and to provide an Internet presence for each franchisee. We will benefit from contacts by new franchisee candidates through this website, and our franchise opportunity information and application pages will be present within the site. As with all other advertising materials, stationery and business cards, the site will also contain references to the fact that “Franchises Are Available” and that “Each Franchise Is Independently Owned and Operated.” Other than the website notice, we do not use any part of the Brand Fund to solicit new franchise sales, but reserve the right to do so.

The National Website contains all of the basic information about the franchise system and the services offered by our locations. Each franchisee receives the following direct benefits from the website in return for the payment of the Brand Fund:

(i) Full Hosting and management services for your individual Location Website (location finder) which will provide your franchise with an Internet presence, including your business

Point of Sale (POS) System, Customer Relationship Management (CRM) System, and Telehealth Technology

We currently have a designated supplier that provides POS and CRM platform services. You will pay a monthly POS/CRM Platform Fee of \$728 to \$828 per month to the designated supplier for these services.

We currently have a designated supplier that provides a CRM marketing plug in. You will pay a monthly CRM Marketing Plug-In Fee of \$198 to \$348 per month to the designated supplier for these services.

The currently required POS system, which may change from time to time, is the Zenoti POS system, which has been programmed to the Franchised Business operations. The system will come to you preprogrammed and adapted to your specific location address and phone number. You may talk to the vendor and discuss upgrades (at your cost) if you desire a faster processing speed or other hardware. Technology is rapidly changing so the hardware specified by us may become out of date. The vendor is expected to be very cooperative in satisfying your specific needs. Depending upon technology development and upgrade requirements, there may be an initial cost required. All of the costs involved in the installation of your system and future updates are included in the estimates of your initial investment as described in Item 7. Although we are very satisfied with the current Zenoti system, we do reserve the right to alter or eliminate this system and/or to substitute another system if we determine to do so and you must at that time change to whatever program or system we prescribe at your sole cost and expense.

You must participate in our telehealth program, and you will pay to us a \$50 per month Telehealth Technology Fee for these services

Business Facility Computer System, Programs and Printer

In order to properly service your franchise, and for word processing, spreadsheets, Internet access and general accounting and business operations purposes, you are required to have a computer/all in one printer/shredder/filing system receipt, printer and swiper; up to three (3) Tablets (at least one of which will be cellular or use smart phone for offsite charts); a computer with the following minimum specifications: Intel Core 3 Processor; Windows 10 Operating System (or Mac equivalent); 4 GB RAM, 500 GB hard drive and 17 inch monitor; modem.

These costs are included in the Item 7 ~~Initial Investment Estimate~~ estimate and range from \$2,000 to \$5,000. We estimate the annual costs incurred by you for optional and/or required computer system maintenance upgrades to not exceed \$1,000 per year.

You must use software designated by us to provide your business with the functions of payroll, Point of Sale, customer relations, management, scheduling, and intake.

Accounting

You must comply with the requirements and standard processes to maintain accurate and up

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
franchise is terminated or expires			Protected or Designated Territory or within 15 miles of any other franchisee's Designated Territory location in operation or under construction (same restrictions apply after assignment).
s. Modification of the agreement	Paragraph 19. 13 <u>16</u>	Paragraph 13. 13 <u>15</u>	Franchise Agreement- No modifications except by written agreement, but Confidential Operating Manual(s) and System Standards are subject to change.
t. Integration/merger clause	Paragraph 19. 13 <u>16</u>	Paragraph 13. 12 <u>15</u>	Only the terms of the Franchise Agreement (including the Confidential Operation Manual, System Standards, addenda and exhibits) are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution	Paragraphs 19.9 and 19.10	Paragraphs 13.7 and 13.8	Mandatory internal dispute resolution and, if not resolved, and except for certain claims, all disputes must be mediated and arbitrated at our headquarters (subject to State Law, see "P").
v. Choice of forum	Paragraph 19.8	Paragraph 13.8	Birmingham, Alabama

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.

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

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in **Exhibit R** of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:
None
3. States which have revoked or suspended the right to offer the Franchises are: None
4. States in which the proposed registration of these Franchises has been withdrawn are: None

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

Fee Deferral

Based on Franchisor's financial condition, initial fees paid to Franchisor must be deferred until all pre-opening obligations of Franchisor have been met and the franchisee is open for business.

ILLINOIS

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Illinois law governs the Franchise Agreement.

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 the State 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 of an agreement 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 waive 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, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned hereby acknowledge and agree that this Addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

Fee Deferral

The Illinois Attorney General's Office has imposed a fee deferral requirement due to Franchisor's financial condition. Initial fees paid to Franchisor must be deferred until all pre-opening obligations of Franchisor have been met and the franchisee is open for business.

**HYDRALIVE FRANCHISING,
LLC**

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

Fee Deferral

Based on Franchisor's financial condition, Items 5 and 7 of the Franchise Disclosure Document regarding payment of the initial franchise fee are amended to state that the franchise fee will be deferred until all pre-opening obligations of Franchisor have been met and the franchisee is open for business.

NORTH DAKOTA

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

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

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

The following language is added to the "Summary" section of Item 17(r) entitled **Non-competition covenants after the franchise is terminated or expires.**

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

The following language is added to the "Summary" section of 17(u) entitled **Dispute Resolution:**

To the extent required by North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

The following language is added to the "Summary" section of 17(v) entitled **Choice of forum:**

However, to the extent allowed by North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

The following language is added to the "Summary" section of 17(w) entitled **Choice of law:**

North Dakota law applies.

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

HYDRALIVE FRANCHISING LLC

FRANCHISEE

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

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

RHODE ISLAND

Even though our Franchise Agreement and Area Development Agreement provide that the laws of Alabama apply, the Rhode Island Franchise Investment Law may supersede these agreements because the Rhode Island Franchise Investment Law provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under the Act.”

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

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Hydralive Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17h:

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 ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

Fee Deferral

Based on Franchisor’s financial condition, initial fees paid to Franchisor must be deferred until all pre-opening obligations of Franchisor have been met and the franchisee is open for business.