

## Special Risks to Consider About *This Franchise*

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

1. ~~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 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. **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.
3. **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.
4. **Unregistered Trademark.** The primary logo that you will use in your business is not federally registered. If the Franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.

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.

responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

**Item 2  
BUSINESS EXPERIENCE**

**Alexandra Spitz, Founder and Chief Executive Officer.** Alexandra Spitz has been our CEO since inception. She is also the founder of the New Mom School concept and has been the Chief Executive officer of our affiliate, The New Mom School, Inc. since November 2017 and has operated a New Mom School since December 2012.

**Carly David, Franchise Operations Manager.** Carly David has been our Franchise Operations Manager since November 2023 working in Irvine, California. Prior to her position with us, Carly was the Manager of Training and Experience for Club Pilates Franchise LLC in Irvine, California from January 2017 to December 2023.

**Item 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**Item 5  
INITIAL FEES**

Franchise Fee

When you sign your Franchise Agreement for a single School, you must pay us \$30,000 as the initial franchise fee (the “Initial Franchise Fee”). This fee is uniform, not refundable and fully earned upon receipt.

Technology Fee

You will pay us an initial cost of \$500 and then a monthly fee which is currently \$197 for the use and access to certain technology, software including our New Mom School Software (the “NMS Software”), one email address, website subpage, social media accounts and other technology or software as we determine (the “Technology Fee”). ~~We estimate your initial investment for the Technology Fee to be \$1,485 to \$1,682. You will commence paying the monthly Technology Fee upon the launch of the NMS Software at your School which we estimate will be 90 to 120 days after you sign your Franchise Agreement.~~ You will pay the \$500 initial cost for the Technology Fee upon signing your Franchise Agreement and then the monthly cost of the Technology Fee upon the NMS Software launch at your School. We estimate your initial

investment for the Technology Fee to be \$1,485 to \$1,682 which incorporate the initial \$500 plus the monthly cost of \$197. Technology Fees are nonrefundable.

**Multi-Unit Development**

If you and we agree that you will develop multiple Schools, then you will sign our MUDA and pay the Initial Franchise Fee of \$30,000 for your first School plus a “Development Fee” of \$25,000 for each additional School we allow you to develop. You will pay the Development Fee upon signing your MUDA. For each School you develop, you shall sign a new franchise agreement on our then-current form which may contain materially different terms than the Franchise Agreement attached to this Disclosure Document. The Development Fee is fully earned when paid and not refundable.

**Item 6  
OTHER FEES**

**Franchise Agreement**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of 7% of Gross Sales or (i) \$300 per month during the first year of the Franchise Agreement (ii) \$600 per month during the second year of the Franchise Agreement, and (iii) \$1,200 per month thereafter during each year of the Franchise Agreement.	Monthly on the 5 <sup>th</sup> of the month	See Note 1 and Note 2.
Marketing Fund Contribution	1% of Gross Sales	Monthly on the 5 <sup>th</sup> of the month	You must pay this fee (the “Marketing Fund Contribution”) directly to us. We may from time to time change the rate or rates required to be paid by you as a Marketing Fund Contribution. See Item 11 for a detailed discussion about Marketing Fund. Amounts due will be withdrawn by electronic funds transfer from your designated bank account. The Marketing Fund Contribution shall commence upon the franchisee’s School opening.

Type of Fee	Amount	Due Date	Remarks
Paid Digital Ad Spend Requirement	\$1,500 per month	Monthly	You are required to use our Approved Vendor for paid digital advertisements. You are required to spend a minimum of \$1,500 per month on paid digital advertising in your local area using our Approved Vendor. You will also be responsible for any additional management fees owed to the Approved Vendor which is currently \$597 per month and subject to change from the third party Approved Vendor.
Replacement / Additional Training Fee	Currently, \$1,250 per day plus expenses for travel, food, lodging and other expenses incurred by our trainer or you	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee. This fee will be assessed for training a newly appointed Principal Executive and for training newly hired personnel; for refresher training courses; and for special assistance or training you need or request to be conducted.
Non-Compliance Fee	\$1,000	On demand	We may charge you \$1,000 if your School is not in compliance with our System specifications, or the Franchise Agreement and you fail to correct the non-compliance after 30 days' notice. <u>Franchisor may also charge Franchisee for its costs incurred if in the exercise of its discretion it determines that travel to Franchisee's location is appropriate.</u>
Reimbursement of Cost for Non-Compliance	Our cost plus 10% administrative fee	On demand	If we pay any amount that you owe or are required to pay to a third party or if we cure non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), you must reimburse us our costs plus a 10% administrative fee.

Type of Fee	Amount	Due Date	Remarks
Customer Complaint or Governmental Report	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your School. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient Funds Fee	\$75 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of Collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorneys' fees) in attempting to collect amounts you owe to us.
Records Audit	Our actual cost	On demand	Payable only if (1) we audit your School because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported Gross Sales by more than 3% for any 4-week period.
Transfer Fee	\$10,000 plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you sell your School with our consent, <u>subject to state law</u> .

Type of Fee	Amount	Due Date	Remarks
Liquidated Damages	An amount equal to Royalty Fees and Marketing Fund Contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term	On demand	Payable if we terminate your Franchise Agreement because of your default, or if you terminate the Franchise Agreement without the right to do so.
Indemnity	Our costs and losses from any legal action related to the operation of your School	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your School (unless caused by our misconduct or negligence).
Prevailing Party's Legal Costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorneys' fees, court costs and other expenses.
Management Fee	Our expenses plus an administrative fee of 10% of Gross Sales	As incurred	Due when we (or a third party) manage your School after your managing owner's death or disability, or after your default or abandonment.
Testing of Products or Approval of new Suppliers	All <del>reasonable</del> <u>actual</u> costs and expenses of inspection and testing	As invoiced	This covers the costs of testing new products or inspecting new suppliers you propose to us.
Renewal Fee	50% of the then current Initial Franchise Fee	At renewal	You must timely notify us of your desire to renew the Franchise Agreement. The Renewal Fee is due at the time you request to renew and is not refundable.

Type of Fee	Amount	Due Date	Remarks
Convention Fee	<del>Varies</del> <u>Actual costs</u>	Upon demand	We may hold an annual New Mom School franchisee conference. We reserve the right to charge you a fee to attend the convention fee at our discretion. Additionally, you will be obligated to pay for your representatives' salaries and benefits, and for their travel, lodging, and meal expenses.
Relocation Fee	An amount set by us, currently \$2,500	When relocation is approved	You are not entitled to relocate your School. If we agree to allow you to relocate under specific internal criteria, this fee shall apply to any relocation of your School in the same market and as approved by us. We may waive this fee if the relocation is due to no fault of Franchisee.

All fees are payable only to us unless stated otherwise. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we consider appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you. All fees expressed in percentages are calculated by multiplying the percentage stated by the total monthly Gross Sales of your School. All fees due to us shall be payable to us by direct deposit from franchisee's account or in another form or manner approved by us.

#### Notes

1. "Gross Sales" is defined as the total dollar amount of all sales generated through your School for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit or debit card, barter exchange, trade credit or other credit transactions) that arise, directly or indirectly, from the operation of or in connection with your School. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected from customer and paid to the appropriate taxing authority, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid gift cards or similar products (but the redemption of any such gift card or product will be included in Gross Sales).

2. The minimum Royalty Fee payable is \$300 per month during the first year of your Franchise Agreement, \$600 per month during the second year of your Franchise Agreement and \$1,200 per month each year of the Franchise Agreement thereafter. In any case, the Royalty Fee payable each month is 7% of Gross Sales for any month that amount is greater than the minimum

owed. We currently require you to pay Royalty Fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method. The Royalty Fee will become due in the month after Gross Sales are earned by the Franchisee.

- Your expenditures for local marketing are made to third parties, not to us.

### **MUDA**

If you sign a MUDA, you should review both the above table of fees applicable to your Franchise Agreement as well as the following table of fees applicable to being a developer:

<b>Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Notes</b>
Transfer Fee	\$10,000 plus any broker fees and other out-of-pocket costs we incur	At the time of transfer	The transfer fee and all other fees paid to us are non-refundable.
Attorneys' fees and costs	<del>Will vary</del> <u>Actual costs</u>	As incurred	Payable to us if we are forced to incur costs (including attorneys' fees) if you fail to comply with or breach any provision in the MUDA among our other remedies
Indemnification	<del>Will vary</del> <u>Actual costs</u>	As incurred	You must reimburse us if we incur any expense, including attorneys' fees and other costs, or are held liable for claims arising out of your breach of the MUDA.

### **Item 7**

### **ESTIMATED INITIAL INVESTMENT**

#### **YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT**

<b>Type of Expenditure</b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to Be Made</b>
Initial Franchise Fee (Note 1)	\$30,000	\$30,000	Lump sum	Upon signing your Franchise Agreement	Us

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Real Estate/Rent (3 months) (Note 2)	\$4,875	\$10,500	As arranged	As incurred	Landlord
Security Deposit	\$1,625	\$3,500	As arrange	As incurred	Landlord
Utilities	\$100	\$300	As incurred	Upon ordering service	Utility providers
Leasehold Improvements (Note 3)	\$5,000	\$10,000	As incurred	As incurred	Contractors
Market Introduction Program	\$6,000	\$10,000	As incurred	60 days prior to opening your School and 30 days after opening your School	Vendors
Furniture, Fixtures, and Equipment	\$4,000	\$5,000	As incurred before opening	As incurred	Vendors
Technology Fee (Note 4)	\$1,485	\$1,682	ACH	Before opening	Us
Computer Systems including Point of Sale System (Note 5)	\$600	\$2,500	As incurred	Before opening	Vendors
Insurance <u>(Note 6)</u>	\$1,000	\$3,000	As incurred	Upon ordering	Insurance company
Interior Signage (Note <u>67</u> )	\$400	\$750	As incurred	Upon ordering	Vendor
Studio and Class Supplies	\$200	\$500	As incurred	Upon ordering	Vendors
Initial Merchandise	\$3,000	\$5,000	As incurred	Before opening	Vendors

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Licenses and Permits	\$50	\$250	As incurred	Upon application before opening	Government Agencies
Professional Fees (lawyer, accountant, etc.)	\$1,500	\$3,000	As incurred	As incurred or when billed	Professional service firms
Training	\$2,500	\$5,000	As incurred	During Training	Airlines, hotels, and restaurants for 3 days of training
Additional Funds (for first 3 months) (Note 78)	\$5,000	\$15,000	Varies	Varies	Employees, suppliers, utilities
<b>Total (Note 89)</b>	<b>\$67,335</b>	<b>\$105,982</b>			

#### YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee for First School	\$30,000	\$30,000	Lump Sum	Upon signing your Franchise Agreement	Us
Development Fee (see Note 910)	\$25,000 <u>for a second School</u>	\$25,000	Lump Sum	Upon signing your MUDA	Us

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Total Remaining Initial Investment for a Single School	\$37,335	\$75,982	<i>See Table Above</i>		
<b>Total</b>	<b>\$92,335</b>	<b>\$130,982</b>			

Notes

1. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. The typical space of New Mom School will range from 750 to 1,000 square feet. We have used our experience with our affiliate New Mom School in California and estimate these the rent per square foot amount to be \$26 to \$42 per square foot annually including common area maintenance and taxes. The monthly range of rent expenses expected for a franchisee will depend on a number of factors, including the size of the space and geographical location of your School. You may be required to pay a security deposit with your lease, usually equal to one-month rent. You may be able to negotiate a period of free rent for any time reasonably required to build out the space. We expect that you will rent your location for your School. If you choose to purchase real estate instead of renting, your costs will be significantly different. The estimate in the chart above is for three months of rent.

3. You must improve the premises of your School to our standards and specifications before you open for operation. These costs are likely to vary depending upon the size, location, configuration, installation costs, and overall condition of the premises at the time you sign your lease. You may receive a leasehold allowance covering a portion of the costs of constructing the leasehold improvements from the landlord that may lessen your initial investment cost. You should hire a leasing attorney to maximize the amount of tenant allowance received.

4. You will pay an initial cost for the Technology Fee of \$500 upon signing your Franchise Agreement. You will begin to pay the monthly Technology Fee, which is currently \$197, to us once the NMS Software is launched at your School, which we estimate will take place 90 to 120 days after your sign your Franchise Agreement. The Technology Fee is nonrefundable.

5. This estimate is based on the cost of the current hardware and software including the Point of Sale (“POS”) system which is currently Stripe reader. You may already have some of the hardware and software needed, which may lower your initial investment cost. We reserve the right to change hardware and software requirements.

66. You must obtain certain insurance included in Item 8. Factors that may affect your cost of insurance include the size and location of your School, the number of employees you have

and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time you sign the Franchise Agreement.

7. This is in reference to interior signage within your School. Exterior signage which is not required may or may not be available as determined by your leased location and could increase your initial investment cost.

78. This includes any other ~~required expenses~~ additional fund you will ~~incur~~ need before operations begin and during the first three months of operations, such as payroll, additional inventory, rent, leasehold improvements, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on our experience in the development of New Mom School by our affiliate in California, and our general knowledge of the business.

89. This is the total estimated initial investment to open and commence operating your School for the first three months. We relied on our affiliate's experience opening and operating New Mom School to compile this estimate. ~~We cannot guarantee that you will not have additional expenses starting your School.~~ Your costs will depend on factors such as: the size of your territory, how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for the products and services; competition; and the sales level reached during the initial period. The estimate does not include the monthly cost of debt service. The estimate includes such items as initial payroll taxes, Royalty Fees, Marketing Fund Contributions, professional and accounting fees, additional advertising, insurance, health insurance and workers' compensation, rent, repairs and maintenance, bank charges (including interest), miscellaneous supplies and equipment, initial staff recruiting expenses, state tax, depreciation/amortization, deposits and prepaid expenses where applicable and other miscellaneous items. ~~Additional operating expenses may be incurred in connection with the ongoing operation of your School and periodic reinvestment may be necessary following the initial start-up phase.~~

910. This estimate assumes you sign a MUDA for two Schools. You will pay the Initial Franchise Fee for your first School and a Development Fee of \$25,000 for the second School. You will pay us the Development Fee upon signing the MUDA and it is non-refundable.

## Item 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### Approved Vendors

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your School (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications (each an "Approved Vendor"). All items that you purchase from Approved Vendors must meet our specifications. We publish a list of Approved Vendors and order procedures in the Operations Manual.

technology as included in the Technology Fee. None of our affiliates are a supplier of goods and services to franchisees. None of our officers own an interest in any third-party supplier.

### Alternative Suppliers

If you want to use a supplier that is not on our list of Approved Vendors, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which will be made available to you and may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. You must pay our expenses to evaluate goods, services or suppliers regardless of whether we provide our approval or not. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Operations Manual.

### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Operations Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Operations Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists. We do not currently negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future. We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

### Required Purchases as a Proportion of Costs

We estimate that all initial investment items purchased or leased from us, our affiliates or our other designated or Approved Vendors, or in accordance with our specifications will represent approximately 20% to 35% of total purchases you will make to begin operations of your School, and approximately 20% to 35% of the ongoing costs to operate your School.

### Revenue from Required Purchases

We and our affiliates reserve the right to receive fees, payments, rebates, commissions or other consideration from third party manufacturers, suppliers, and/or distributors on their sales of products, services, equipment, goods and supplies to our affiliate and our franchisees. Except as described below, we and our affiliates will retain and use any fees, payments, rebates, commissions or other consideration as we deem appropriate or as required by a particular manufacturer, supplier or distributor. For our fiscal year ending December 31, 2023, we did not receive any revenue from franchisee purchases of goods, products and services from us or our affiliates.

Obligation	Section in Agreement	Disclosure Document Item
	MUDA: Not Applicable	
x. Dispute resolution	FA: Article 17 MUDA: Article 7	Items 6 and 17

**Item 10  
FINANCING**

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

Our Pre-Opening Obligations

A. *Your site.* We will review and advise you regarding potential locations for the site for your School that you submit to us. (Franchise Agreement - Sections 5.1 and Section 6). We will approve or disapprove your proposed site within 30 days after you submit all of our required documents and information. If you do not have a site when you sign your Franchise Agreement, then we will specify in your Franchise Agreement the area in which you must select a location for your School (Franchise Agreement, Summary Page). If you sign a MUDA, we will approve the location of each New Mom School based on our then current site selection standard, within your Development Area and determined the Territory for each School. For each additional franchise, Franchisee shall execute Franchisor’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location for the franchise. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

B. *Territory.* When a site is approved, we will designate your territory as defined in Item 12. (Franchise Agreement -Section 6.1)

C. *Plans.* We will provide you with specifications for your School. (Franchise Agreement - Section 5.1)

D. *Necessary furniture, signs, fixtures, equipment, computer system, and supplies.* We will provide you with a list of our specifications and Approved Vendors for signs, fixtures, equipment, computer system, and supplies. We do not deliver or install any required items. (Franchise Agreement - Section 5.1)

E. *Hiring and training employees.* We will provide you with our suggested staffing levels (Franchise Agreement - Section 5.1), operational instructions in the Operations Manual

D. *Website.* We will maintain a website for New Mom School brand, which will include your business information and telephone number. (Franchise Agreement - Section 5.2)

### Your Location

We must approve the location for your School. To obtain our approval, you must provide all information and documents about the site that we require. If you do not have a location when you sign your Franchise Agreement, we will specify in your Franchise Agreement the area in which you must select a location. The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. We generally do not own your premises.

We will approve or disapprove your proposed site for your School within 30 days after you submit all of our required documents and information. If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open your School ~~by the deadline stated in the~~ within nine months of signing your Franchise Agreement. Unless we agree to extend the deadline, you will be in default, and we may terminate your Franchise Agreement. We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits.

### Advertising

*Local Marketing.* You are required to use our Approved Vendor for paid digital advertisements. You are required to spend a minimum of \$1,500 per month on paid digital advertising in your local area using our Approved Vendor. You are also responsible for any management fees to our Approved Vendor which is currently \$597 per month and subject to change from the third party Approved Vendor. In addition to paid digital advertisements, we recommend that you spend 3% of your Gross Sales on additional local marketing and promotional activities beyond the minimum amounts required under your Franchise Agreement. Your local advertising expenditures will include advertising, merchandising, sales promotion and other forms of advertising at the local level including approved Google advertisements, digital advertisements, campaigns through an approved marketing vendor and approved branded email advertisements. Each month, you must provide us with an accounting of the monies that you spent and documentation of the local advertising and promotional activities you executed during the preceding calendar month. If you fail to spend the required minimum amount during any calendar year on approved local advertising and promotional activities, you must pay us the difference between what you should have spent on approved local advertising and promotional activities during that year, and what you actually spent on those items during that year.

You must obtain our approval (in writing) of all marketing, advertising and promotional materials before use, including any of your own materials, at least 10 business days before the deadline for running or using the marketing, advertising or promotional materials. Any marketing, advertising or promotional materials not approved by us within 14 days will be deemed disapproved. At any time, we may require you to stop any marketing, advertising or promotion. You must use marketing, advertising and promotional materials that depict any of our trademarks only in connection with your sale of approved services and products in connection with your School. Any marketing, advertising and promotional materials you use must be current, in good

			your School or virtual
Infant Class Series	6 hours	0 hours	Costa Mesa, California, at another location we designate, your School or virtual
Rising Toddler Class Series	4 hours	0 hours	Costa Mesa, California, at another location we designate, your School or virtual
Second Time Moms Class Series	6 hours	0 hours	Costa Mesa, California, at another location we designate, your School or virtual
Administrative Procedures	10 hours	0 hours	Costa Mesa, California, at another location we designate, your School or virtual
<b>TOTALS:</b>	<b>36 hours</b>		

The initial training program will be scheduled in accordance with the needs of new franchisees. The principal franchise owner and any team members that will be leading classes must attend training. An additional business-type manager is highly recommended to attend training as well. Training classes can be held virtually, at our location in Costa Mesa, California or Dallas, Texas. We may provide all or portions of the training virtually. The instruction materials consist primarily of our Operations Manual, our proprietary curriculum and other materials. Training classes will be led by Alexandra Spitz ~~and other lead members of the New Mom School team.~~ Alexandra Spitz has been our CEO since our inception and has over 10 years of experience as a postnatal educator and founder of New Mom School affiliate location. Other team members will

have extensive experience in postnatal education as well as experience teaching for and/or management of a New Mom School affiliate location. We anticipate initial training will take approximately 3 days. Up to six people may attend without a training fee, but you must pay the travel and living expenses for you and your employees and managers to attend training.

You must complete training to our satisfaction at least two weeks before opening your School. Should you fail to pass the test or complete the initial training, we have the right to terminate the franchise agreement without refunding the Initial Franchise Fee.

Your School must at all times be under your on-site supervision or under the on-site supervision of a person who has completed our training program. If you hire new instructors, you must send those individuals to our next scheduled training class or such other training class as we may require. We may offer additional or refresher training courses from time to time. Some of these courses may be mandatory, and some may be optional.

### Price Restrictions

~~To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that your School will offer, including without limitation, ranges or prices, tiered pricing, or prices for promotions in which all or certain of our franchisees must participate. If we establish such prices for any services or products, you cannot exceed or reduce that price, but will charge the price for the service or product that we establish subject to applicable law and restrictions. You will apply any pricing matrix or schedule established by us.~~

## **Item 12 TERRITORY**

### Grant of Territory

Your School will be located at a single site, which must meet our standards and specification. Your Franchise Agreement will specify a territory, which will be determined by us (“Territory”). Your Territory will generally be comprised of a population of approximately 50,000 to 75,000 people aged 25 to 40 with approximately a 10-mile radius around the location of your School depending on several factors. We may use a lesser population base in urban areas with significant density. Your territory will be delineated by a radius around your School or by geographical boundaries, zip codes, political boundaries, streets, geographical features or trade area, depending on the density and demographics of the population of the area around your School.

### Relocation; Establishment of Additional Outlets

You do not have the right to relocate your School, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee’s New Mom School on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control. We may waive any relocation fee if the relocation is due to no fault of Franchisee.

Agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving the Marks licensed by us to you.

If you use our Marks in accordance with the Franchise Agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the Marks, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the Franchise Agreement, we may require you to modify or discontinue using the Marks, at your expense. We reserve the right to substitute different Marks for use in identifying the system and the businesses operating as part of the system if our currently owned Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Marks will be beneficial to the system. In such cases, you must implement and use such different Marks at your cost and in the manner we require. If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We have no obligation to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your School for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

#### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

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

#### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

#### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operations Manual as well as all other sales, training, management, curriculum, and other materials that we have created or will create. You may use these copyrighted materials during the term of the Franchise Agreement, in a manner consistent with our ownership rights, solely for your School. You may use these items only as we specify while operating your School and you must stop using them if we direct you to do so.

brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your School is owned by an entity, all owners of the franchisee must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to the Franchise Agreement).

#### “On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision of your School. However, we strongly recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your School (whether that is you or a hired person) must successfully complete our training program.

If your School is owned by an entity, we do not require that the general manager own any equity in the franchisee entity.

#### Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

### **Item 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale only goods and services that we have approved and not offer any goods or services we have disapproved. We may take action, including terminating your Franchise Agreement, if you purchase or sell unapproved products or services or make purchases from unapproved suppliers.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes. We do not restrict your access to customers, except that all class registration sales must be made through our current NMS Software or another system we designate to sell merchandise.

Franchisee is permitted to sublease an interior office space in its New Mom School to a lactation consultant and not to any other practitioner. Franchisee shall not use assets of its School for any purpose other than the School. The rent collected by Franchisee for a lactation consultant as a sublessee shall not be included in Gross Sales of the New Mom School business. Franchisee shall be permitted to hold events at the New Mom School location so long as they are preapproved by Franchisor and are complementary to a New Mom School as determined in Franchisor’s reasonable discretion. All sales or revenue generated due to an event held at the New Mom School location shall be included in Gross Sales for the New Mom School.

Franchisee shall generally determine its own prices; provided however, that, to the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for

services and products that your School will offer, including without limitation, ranges or prices, tiered pricing, or for promotions in which all or certain of our franchisees must participate. If we establish such prices for any services or products, you cannot exceed or reduce that price, but will charge the price for the service or product that we establish subject to applicable law and restrictions. You will apply any pricing matrix or schedule established by us. Franchisee shall honor any customer loyalty programs and promotions implemented by Franchisor.

**Item 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**  
**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise Agreement or other Agreements	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): Not Applicable	10 years from date of Franchise Agreement.
b. Renewal or extension of the term	FA: § 3.2 MUDA: Not Applicable	You may obtain two successor franchise agreement renewals for 5-year terms each. You must pay the renewal fee of 50% of the then current Initial Franchise Fee. If you do not meet the conditions, we may refuse to renew or extend the terms of your Franchise Agreement. <u>These provisions are subject to state law.</u>
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: Not Applicable	For our franchise system, “renewal” means that at the end of your term, you may sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.

Provision	Section in Franchise Agreement or other Agreements	Summary
		<p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law) and pay a renewal fee of 50% of the then current Initial Franchise Fee.</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 5-year term. <u>These provisions are subject to state law and franchisee may terminate under any grounds permitted by law.</u></p>
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	<p>If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.</p> <p>If you sign a MUDA, you may terminate it at any time.</p>
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	<p>We may terminate your agreement for cause, subject to any applicable notice and cure opportunity. <u>These provisions are subject to state law.</u></p> <p>If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your</p>

Provision	Section in Franchise Agreement or other Agreements	Summary
		MUDA. <u>These provisions are subject to state law.</u>
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: Not Applicable	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure). <u>These provisions are subject to state law.</u>
h. “Cause” defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. <u>These provisions are subject to state law.</u>  MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it. <u>If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA. These provisions are subject to state law.</u>
i. Franchisee’s obligations on termination/non-renewal	FA: §§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone,

Provision	Section in Franchise Agreement or other Agreements	Summary
	MUDA: Not Applicable	internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 7	Unlimited. <u>These provisions are subject to state law.</u>
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval. <u>Approval shall not be unreasonably withheld.</u>
m. Conditions for franchisor's approval of transfer	FA: § 15.2 MUDA: Article 7	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; pay transfer fee, buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable). <u>These provisions are subject to state law.</u>
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: Not Applicable	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal. <u>that we must exercise within thirty (30) days after receipt of the offer. These provisions are subject to state law.</u>

Provision	Section in Franchise Agreement or other Agreements	Summary
o. Franchisor's option to purchase franchisee's business	FA: <u>§14.6</u> MUDA: Not Applicable	<u>When the Franchise Agreement expires or is terminated, Franchisor has the right but not the obligation to purchase any or all of the assets related to the School, and/or to require Franchisee to assign its lease or sublease to Franchisor. To exercise this option, Franchisor must notify Franchisee no later than thirty (30) days after the Franchise Agreement expires or is terminated. The purchase price for all assets that Franchisor elects to purchase will be the fair market value of the assets. These provisions are subject to state law.</u>
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: Not Applicable	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: Not Applicable	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor. <u>These provisions are subject to state law.</u>
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: Not Applicable	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by <del>a competitor</del> <u>any business which engages in, owns, is affiliated with or operates a business featuring schools or instructional sessions for pregnant mothers and mothers of newborn children including without limitation producing materials on that</u>

Provision	Section in Franchise Agreement or other Agreements	Summary
		<p><u>topic or engaging in a business similar that is</u> located within twenty-five miles of your former territory or the territory of any other New Mom School location operating on the date of termination. <u>These provisions are subject to state law.</u></p>
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, <del>no claim made</del> <u>nothing</u> in <del>any</del> <u>the</u> franchise agreement (or MUDA) is intended to disclaim the <del>express</del> representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration in Dallas, Texas (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Subject to state law, Texas law applies; except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act,

<b>Gross Profit<sup>4</sup></b>	\$292,424.68
<b>Reporting School Expenses<sup>5</sup></b>	\$75,340.86
<b>Imputed Royalty Fee<sup>6</sup></b>	\$32,290.07
<b>Imputed Marketing Fund Contributions<sup>7</sup></b>	\$4,612.87
<b>Imputed Technology Fee<sup>8</sup></b>	\$2,364.00
<b>Imputed Digital Paid Ad Spend Requirement<sup>9</sup></b>	\$18,000
<b>Reporting School Net Income<sup>10</sup></b>	\$159,816.88

**Explanatory Notes:**

1. **One outlet has earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

2. "Gross Sales" represents the actual gross sales amounts from the sale of all products and services at the Reporting School during the Measurement Period minus any bona fide refunds issued to customers.

3. "Cost of Goods Sold" represents the costs of items used in the Reporting School including subcontractor expenses, general supplies and materials.

4. "Gross Profit" means the Gross Sales minus the total Cost of Goods Sold.

5. "Reporting School Expenses" does not include non-ordinary operating expenses that franchisees will not incur.

6. "Imputed Royalty Fee" includes Royalty Fees in the amount that would have been paid during the Measurement Period based on the standard 7% royalty fee rate.

7. "Imputed Marketing Fund Contributions" include Marketing Fund Contributions in the amount that would have been paid during the Measurement Period based on the 1% of Gross Sales rate paid by franchisees.

8. "Imputed Technology Fee" includes Technology Fees in the amount that would have been paid during the Measurement Period based on the \$197 per month rate.

9. "Imputed Digital Paid Ad Spend Requirement" includes the \$1,500 per month that a franchisee is required to spend on digital paid advertisements.

10. ~~The financial information used to prepare this Item 19 financial performance representation was based upon unaudited profit and loss information. 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 their contents or form.~~ Written substantiation of all

\*Company-Owned means units owned by our affiliate, The New Mom School, Inc.

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2021 to 2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2021 to 2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Termi- nations</b>	<b>Column 6 Non- Renewals</b>	<b>Column 7 Reacquired by Franchisor</b>	<b>Column 8 Ceased Operations – Other Reasons</b>	<b>Column 9 Outlets at End of the Year</b>
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
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>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed but Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Totals	1	16	0

### Current Franchisees

Exhibit G contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

### Former Franchisees

Exhibit G contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the Disclosure Document issuance date.

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

### Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

### Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

**We have not been franchising for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** Exhibit E contains our audited financial statements as of December 31, 2023, as dated February 28, 2024, and our unaudited financial statements from January 1, 2024 to June 30, 2024. Our fiscal year end is December 31.

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division— <del>3rd Floor</del> <del>150 Israel Road, Southwest</del> <del>Tumwater, Washington 98501</del> <u>P.O. Box 41200</u> <u>Olympia, WA 98504-1200</u> (360) 902-8760	Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
Wisconsin	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

**4.9 Payment for Products, Supplies and other items supplied by Franchisor.** Franchisee shall pay Franchisor or its affiliate for any products, supplies or other items supplied to Franchisee, according to the terms and conditions of the invoices for same.

**4.10 Method of Payment and Reporting.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Franchisor by pre-authorized bank draft or in such other manner as Franchisor may require. Franchisee shall comply with Franchisor's payment instructions. If Franchisor elects to have payments made by pre-authorized bank draft, Franchisee shall execute the authorization attached to this Agreement as Exhibit 4. The Royalty Fee and other payments owed to Franchisor via ACH shall be paid by You on the 5<sup>th</sup> of the month for the Gross Sales from the previous month. We reserve the right to change the time and manner of payment at any time upon written notice to you.

(b) Calculation of Fees. Franchisor will have access to Franchisees Gross Sales through the NMS Software and will calculate its Royalty Fees and Marketing Fund Contributions each month on a day designated by Franchisor. Franchisee will make all required payments to us through ACH.

(c) Late Fees and Interest. If Franchisee does not make a payment by the due date, Franchisee shall pay a late fee of One Hundred Dollars (\$100) plus interest on the unpaid amount at a rate equal to eighteen percent (18%) per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Franchisor may charge Seventy-Five Dollars (\$75) for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Franchisor (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Franchisor may apply any payment received from Franchisee to any obligation and in any order as Franchisor may reasonably determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Franchisor any fees or amounts described in this Agreement are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

**4.11. Management Fee.** If we agree to take over your School upon default or abandonment, you agree to pay our expenses plus an administrative fee of 10% of Gross Sales above the other fees due to us (the "Management Fee"). The Management Fee will only be charged when we, one of our employees, or a third party appointed by us, actively control(s) the day-to-day management of your School. The Management Fee shall be paid at the same time as Royalty Fees and all other fees due to us. We have no obligation to you to manage your School upon default or abandonment, but we reserve this right in our sole discretion.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be deemed to be an agent or employee of Franchisor. ~~Within seven days of Franchisor's request, Franchisee and each of its employees will sign an acknowledgment form stating that only Franchisee, and not Franchisor, is the employee's sole employer.~~ Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

**7.6 Post-Opening Training.** Franchisor may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Franchisor. Franchisor may charge a reasonable fee for any training programs. Franchisor may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all related travel, living and other expenses.

**7.7 Software.** Without limiting the generality of Section 7.1 or Section 8.1 of this Agreement, Franchisee shall acquire and use all software and related systems required by Franchisor. Franchisee shall enter into any subscription and support agreements that Franchisor may require. Franchisee shall upgrade, update, or replace any software from time to time as Franchisor may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Franchisor unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Franchisor. Currently, we require you to use our custom registration software which uses Stripe as its payment processing software, collectively ("NMS Software") to manage class schedules and collect registrations. You may be required to use certain accounting and marketing software that we require. The NMS Software will generate sales data, client information, process credit cards and provide class information. You are required to have a Canva subscription, QuickBooks Online and any other software we advise during the term of this Agreement. You will pay for the NMS Software to us as part of your Technology Fee which also includes one email address, website subpage, social media accounts and other technology or software as we determine from time to time. You will pay us an initial Technology Fee of \$500 upon signing your this Agreement and then a monthly flat fee which as is currently \$197 but is subject to change upon notice to you. You will pay a percentage of each sale automatically to Stripe.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. Franchisor may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Franchisor may require Franchisee to reimburse Franchisor for any expenses incurred thereby.

**7.9 Evaluation and Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by Franchisor for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, including without limitation a customer feedback system, customer survey programs, and mystery

### **7.15 Insurance.**

(a) Franchisee shall use Franchisor's designated insurance agency as set forth in the Manual or otherwise in writing to obtain and maintain insurance policies in the types and amounts as specified by Franchisor in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the School, for full repair and replacement value subject to a reasonable deductible;
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Workers Compensation coverage as required by the laws of the state where the School is located.

(b) Except for workers compensation insurance, Franchisee's policies shall (1) list Franchisor and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Franchisor and its affiliates, (3) be primary and non-contributing with any insurance carried by Franchisor or its affiliates, and (4) stipulate that Franchisor shall receive thirty (30) days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Franchisor prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Franchisor.

**7.16 Payments to Third Parties.** Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of your School. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

**7.17 Public Relations.** Without Franchisor's prior written approval, which will not be unreasonably withheld, Franchisee shall not make any public statements, including without limitation interviews or issuing press releases, regarding Franchisor, the School or Business, or any particular incident or occurrence related to the School or Business. This provision does not apply to communications with any state or federal regulatory agency or law enforcement agencies.

**7.18 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Franchisor's prior written approval, which will not be unreasonably withheld.

(f) Termination. Franchisor may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.5 Local Marketing.** You are required to use our Approved Vendor for paid digital advertisements. You are required to spend a minimum of \$1,500 per month on paid digital advertising in your local area using our Approved Vendor. You are also responsible for any management fees owed to the Approved Vendor, which is currently \$597 per month and subject to change from the third party Approved Vendor. We do not require but recommend in addition to the paid digital advertisements, that you spend three percent (3%) of Gross Sales each month on marketing the School. Upon request of Franchisor, Franchisee shall furnish proof of its compliance with this Section. Franchisor has the sole discretion to determine what activities constitute “marketing” under this Section. Franchisor may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee’s required spending under this Section 9.5. If you fail to spend the required minimum amount during any calendar year on approved local advertising and promotional activities, you must pay us the difference between what you should have spent on approved local advertising and promotional activities during that year, and what you actually spent on those items during that year. You must obtain our approval (in writing) of all marketing, advertising and promotional materials before use, including any of your own materials, at least 10 business days before the deadline for running or using the marketing, advertising or promotional materials. Any marketing, advertising or promotional materials not approved by us within 14 days will be deemed disapproved.

**9.6 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain Franchisor’s approval of the market introduction plan at least thirty (30) days before the projected opening date of the School. The market introduction plan will commence sixty (60) days prior to opening your School and for thirty (30) days after opening.

## ARTICLE 10. RECORDS AND REPORTS

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Franchisor may specify in the Manual or otherwise in writing.

### 10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Franchisor may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within thirty (30) days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within ninety (90) days after the end of Franchisor’s fiscal year; and
- (iii) any information Franchisor requests in order to prepare a financial performance representation for Franchisor’s franchise disclosure document.

**3. Development Area.** Franchisee shall locate each New Mom School it develops under this MUDA within the following area: \_\_\_\_\_ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate New Mom Schools in the Development Area.

**4. Default and Termination.** Franchisor may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) Franchisor has the right to terminate any franchise agreement between Franchisor and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not Franchisor actually terminates such franchise agreement).

**5. Limitation of Liability.** Franchisee’s commitment to develop New Mom Schools is in the nature of an option only. If Franchisor terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to Franchisor for lost future revenues or profits from the unopened New Mom Schools.

**6. Conditions.** Franchisee’s right to develop each New Mom School franchise after the first franchise is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional New Mom School in the reasonable judgment of Franchisor, and
- (ii) Franchisee must be in full compliance with all brand requirements at its operating New Mom School(s), and not in default under any Franchise Agreement or any other agreement with Franchisor.

**7. Dispute Resolution; Miscellaneous.** The laws of the State of Texas (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Texas law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of Franchisor, and any Transfer without Franchisor’s prior written consent shall be void. If Franchisor consents to a transfer of the MUDA, Franchisee shall be responsible for our then current transfer fee which is Ten Thousand Dollars (\$10,000) plus any broker fees and other out-of-pocket costs incurred by Franchisor as of the date of this MUDA. The transfer fee is nonrefundable. Franchisee shall complete all other additional responsible conditions imposed by Franchisor to transfer its rights under this MUDA. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[Signatures on Next Page]8. Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior discussions, negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by The New Mom School Franchising, LLC in its Franchise Disclosure Document.

## EXHIBIT D TO DISCLOSURE DOCUMENT

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of The New Mom School Franchising, LLC, a Texas Limited Liability Company (“Franchisor”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Franchisor its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of crossclaim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Further, this General Release will not apply to Claims arising under the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

# The New Mom School Franchising, LLC

## Profit and Loss

January - June, 2024

	TOTAL
Income	
Franchise Fees Income	234.00
Marketing Fund Income	755.89
Royalty Fee Income	
Newport Royalty Fee	5,291.26
<b>Total Royalty Fee Income</b>	<b>5,291.26</b>
Software License Dues	361.25
<b>Total Income</b>	<b>\$6,642.40</b>
Variable Expenses	
Commissions & Fees Paid	42,500.00
<b>Total Variable Expenses</b>	<b>\$42,500.00</b>
<b>GROSS PROFIT</b>	<b>\$ -35,857.60</b>
Expenses	
Administrative Staff	
Business Advisor	20,000.00
Franchise Operations Manager	34,244.01
Program Manager	5,275.00
<b>Total Administrative Staff</b>	<b>59,519.01</b>
Advertising & Marketing	3,000.00
Advertising Fees	4,549.80
Content Marketing	15,150.00
Creative Services	17,019.68
Email Marketing	5,046.00
Franchisee Marketing Plans	4,000.00
General Marketing & Photography	10,000.00
SEO	8,449.00
Social Media Marketing Subcontractor	14,250.00
Website	582.11
<b>Total Advertising &amp; Marketing</b>	<b>82,046.59</b>
Automobile Expenses	
Gas & Oil	177.37
Parking & Tolls	78.01
<b>Total Automobile Expenses</b>	<b>255.38</b>
Bank Charges & Fees	40.00
Business Software	4,696.48
Continuing Education & Training	6,131.50
Gifts to Clients	276.77
Interest Paid	697.11

# The New Mom School Franchising, LLC

## Profit and Loss

January - June, 2024

	TOTAL
Legal & Professional Services	
Accounting	3,674.00
Legal	35,417.06
<b>Total Legal &amp; Professional Services</b>	<b>39,091.06</b>
Meals	854.62
Office Expenses	1,299.61
QuickBooks Payments Fees	30.13
Shipping & Postage	60.77
Taxes & Licenses	
Licenses & Permits	3,350.00
<b>Total Taxes &amp; Licenses</b>	<b>3,350.00</b>
Travel	12,904.98
<b>Total Expenses</b>	<b>\$211,254.01</b>
NET OPERATING INCOME	<b>\$ -247,111.61</b>
NET INCOME	<b>\$ -247,111.61</b>

# The New Mom School Franchising, LLC

## Balance Sheet

As of June 30, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
CK_8951_Chase	124,254.49
<b>Total Bank Accounts</b>	<b>\$124,254.49</b>
Other Current Assets	
Payments to deposit	0.00
Prepaid Expenses	60,000.00
<b>Total Other Current Assets</b>	<b>\$60,000.00</b>
<b>Total Current Assets</b>	<b>\$184,254.49</b>
Fixed Assets	
Cayenne Porsche 2024	103,011.26
Franchise System	67,000.00
Franchise Website Build-Out	16,500.00
Long-term office equipment	
Custom Software or App	60,540.00
Phones	391.98
<b>Total Long-term office equipment</b>	<b>60,931.98</b>
<b>Total Fixed Assets</b>	<b>\$247,443.24</b>
<b>TOTAL ASSETS</b>	<b>\$431,697.73</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
A. SPITZ (3023) - 1	42.56
CC_2925_Citi	13,188.16
CC_3395_Citi	27,279.15
<b>Total Credit Cards</b>	<b>\$40,509.87</b>
Other Current Liabilities	
Deferred Revenue - Long Term	33,500.00
Deferred Revenue - Short Term	191,500.00
<b>Total Other Current Liabilities</b>	<b>\$225,000.00</b>
<b>Total Current Liabilities</b>	<b>\$265,509.87</b>
Long-Term Liabilities	
Cayenne Porsche 2024_Vehicle Loan	78,011.26
Due To Newport	108,350.00
<b>Total Long-Term Liabilities</b>	<b>\$186,361.26</b>
<b>Total Liabilities</b>	<b>\$451,871.13</b>

# The New Mom School Franchising, LLC

## Balance Sheet

As of June 30, 2024

	TOTAL
Equity	
Member Contribution	256,849.69
Member Distribution	-8,154.27
Opening balance equity	-78.92
Retained Earnings	-21,678.29
Net Income	-247,111.61
<b>Total Equity</b>	<b>\$ -20,173.40</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$431,697.73</b>

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

Item 3 of the Disclosure Document is amended by adding the following paragraph:

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

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60-day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

Item 19 of the Disclosure Document: The ~~earnings—claims—figures~~financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expense you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

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

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

The franchise agreement requires binding arbitration. The arbitration will occur at Dallas, Texas, with the costs being borne according to the Rules for Commercial Arbitration of the American

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

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

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

**THIS 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 THE FRANCHISOR AND THE FRANCHISEE.**

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  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, HI 96813

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.

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.w. is modified to provide that Illinois law applies.
2. 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 the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.
3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
4. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of ~~the Franchisor~~ any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 6 is amended to provide that liquidated damages will be equal to the expected royalty fees for the lesser of two years or the remainder of the Franchise Agreement.

**ILLINOIS RIDER TO FRANCHISE AND  
MULTI-UNIT DEVELOPMENT AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.

2. 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 the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisee 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. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on ~~behalf of the Franchisor.~~ 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.

**FRANCHISEE:**

**THE NEW MOM SCHOOL  
FRANCHISING, LLC**

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

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

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

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

## WASHINGTON RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

~~If any~~In the event of ~~the terms~~a conflict of laws, the ~~Franchise Agreement~~provisions of ~~Multi-Unit Development Agreement~~ are inconsistent with the terms below, the terms below control.

~~The state of~~ Washington ~~has a statute,~~Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 ~~which~~ may supersede the franchise agreement or Multi-Unit Development in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site ~~shall~~will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, ~~or as determined by the arbitrator or 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.

~~In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.~~

A release or waiver of rights executed by a franchisee ~~shall~~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 ~~limitation~~limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 13.2(c) of the Franchise Agreement is amended to the following: “The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.”

Section 14.5 of the Franchise Agreement is amended to provide that liquidated damages will be equal to the expected royalty fees for the lesser of two years or the remainder of the Franchise Agreement.

Section 14.5 of the Franchise Agreement is further amended to remove the following language: “Franchisee acknowledges that a precise calculation of the full extent Franchisor’s damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable.”

Article 16 of the Franchise Agreement is amended to state that the franchisee’s obligations to indemnify, defend, reimburse, and hold harmless do not extend to liabilities cause by the Franchisor’s or the Indemnities negligence, willful misconduct, strict liability or fraud.

Section 17.2 of the Franchise Agreement will not apply to Washington franchisees.

Section 17.4 of the Franchise Agreement will not apply to Washington franchisees.

Article 19 of the Franchise Agreement will not apply to Washington franchisees.

This Washington Addendum applies to the Franchise Agreement, Multi-Unit Development Agreement and all related agreements.

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.

**FRANCHISEE:**

**THE NEW MOM SCHOOL  
FRANCHISING, LLC**

## 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	<del>Pending</del> <u>May 24, 2024</u>
Hawaii	<del>Pending</del> <u>July 10, 2024</u>
Illinois	<del>Pending</del> <u>May 22, 2024</u>
Indiana	<del>Pending</del> <u>May 6, 2024</u>
Maryland	Pending
Michigan	October 17, 2023
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	<del>December 18, 2023</del> <u>May 10, 2024</u>
South Dakota	<del>Pending</del> <u>May 7, 2024</u>
Virginia	Pending
Washington	Pending
Wisconsin	<del>Pending</del> <u>May 7, 2024</u>

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.