

Initial Training Fee

You must pay us a training fee of \$2,500 for each person who attends our initial training program. We expect most franchisees will send 1 to 4 people to initial training, in which case initial training fees will range from \$2,500 to \$10,000. The training fee is uniformly imposed and non-refundable.

Initial Startup Package

At the time you sign the Franchise Agreement, you must purchase your initial startup package from our affiliate Braintellect, LLC. The package includes the following:

- *Main Office* – plant wall, interior signage, server, monitor and consultation for router/wiring
- *CERESET® Room* – 1 desktop computer, 1 monitor, 1 CERESET® chair with CERESET® electronics/supplies
- *Consult Room* – reporting license installed on computer
- *CTC Workstation* – reporting license installed on computer

The total cost of the startup package described above is \$34,500.

The above package pricing is for 1 CERESET® room with 1 CERESET® chair. If your facility includes more than 1 CERESET® room, you must pay our affiliate an additional \$14,500 per additional CERESET® room. The \$14,500 purchase price includes the CERESET® Room equipment described above (i.e., 1 desktop computer, 1 monitor, 1 CERESET® chair and CERESET® electronics and supplies). We anticipate most franchisees will have between 1 and 3 CERESET® rooms, resulting in a total startup package purchase price ranging from \$34,500 (for 1 room) to \$63,500 (for 3 rooms). This purchase price is uniformly imposed and non-refundable.

ITEM 6 OTHER FEES

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
Royalty Fee	Greater of (a) 8% of monthly Gross Sales or (b) \$500 per month	15 th day of month for prior month’s operations	You must send us monthly Gross Sales reports. If you provide more than 5 free sessions per month, you must pay us an additional \$25 supplemental royalty fee for each free session you provide in a given month in excess of 5. The supplemental royalty is in addition to the royalty calculated as the greater of 8% of Gross Sales or \$500 per month and is not included within that calculation.
Brand Fund Fee	Up to 2% of Gross Sales <u>(currently 2% of Gross Sales)</u>	Same as royalty fee	We deposit this fee into a Brand Fund we currently administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee.
Cooperative Advertising Fee	Up to 2% of Gross Sales <u>(currently 2% of Gross Sales)</u>	Same as royalty fee	Company-owned outlets have the same voting power as franchised outlets in a cooperative. If a majority of outlets are company-owned, we will not increase the fee without the majority vote of franchised outlets in favor of the fee increase.
Initial Training Fee	\$2,500 per person (we train up to 1 new CERESET® tech coach per year without a fee after your first year of operation)	10 days after invoice	Imposed for each person you send to initial training after opening your Business, excluding up to 1 new tech coach we train each year after your 1st year of operation. If we do not train a new tech coach in a given year, the unused free training credit does not carry forward to subsequent years. We do not charge fees for other post-opening training.

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
Travel Expense Reimbursement	Actual Travel Expenses we incur to provide onsite training or assistance	10 days after invoice	If we provide onsite training or assistance, you must reimburse our Travel Expenses.
Conference Registration Fee	Up to \$300 per person per day <u>(currently \$300 per person per day)</u>	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory for up to 1 conference per year unless we designate attendance as optional or waive your obligation to attend for good cause.
Case Management Support Fee	Up to \$150 per hour (currently \$100/hour)	10 days after invoice	Each month you receive 3 hours of client case management support services where we assist you with questions regarding case management. The fee is imposed only if you request that we provide more than 3 hours of this assistance per month.
Technology Fee	Up to \$300 per month, plus hourly fee up to \$150 per hour for technical support (currently \$195/month for MINDBODY software plus \$100/hr for technical support beyond 1 hour per office we provide without a fee)	10 days after invoice	Includes amounts you pay us or our affiliate for Technology Systems, including (a) amounts you pay for proprietary items (b) amounts we collect from you and remit to third parties and (c) an administrative fee for managing the technology platform and negotiating/managing relationships with various licensors of the technology. It does not include amounts you pay to third parties.
Product Purchases	\$0 to \$1,569 depending on product purchased (excludes CERESSET® chair)	10 days after invoice	Our affiliate may sell certain items to you, such as marketing materials, equipment and inventory. We will provide you with a price list upon request.
Additional Chair Fee	\$14,500	10 days after invoice	Imposed if you wish to purchase an additional CERESSET® chair for your facility.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 3% or more.
Noncompliance Fee	Up to \$500 per incident <u>(currently \$500 per incident)</u>	Upon demand	Imposed if you breach a mandatory standard or operating procedure (including submission of required reports) and fail to cure within the time period we require.
Transfer Fee	\$10,000	Before transfer	Payable when you transfer or sell your franchise. There is no fee to transfer: (a) to an entity owned and controlled by the original owners; (b) from one owner to another owner or an immediate family member (unless it results in the Managing Owner no longer holding an ownership interest); or (c) to a trust established by the owners. The transfer fee applies to all other transfers.
Late Fee	Lesser of 18% of amount past due or highest rate allowed by applicable law	10 days after invoice	Default interest is limited to 10% per annum in California.
Management Fee	\$1,000 per day plus Travel Expenses	10 days after invoice	If you fail to cure a Franchise Agreement default or Managing Owner dies, we can designate a person to manage your Business until the default is cured or the Managing Owner is replaced.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
j. Assignment of contract by us	§21.1	No restriction on our right to assign.
k. "Transfer" by you – definition	§21.2 & <u>Attachment A</u> (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	§21.2, 21.3 & <u>Attachment A</u> (definition of "Permitted Transfer")	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, immediate family member or personal trust, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	§21.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain required licenses and permits; assume your obligations under contracts relating to the Business; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and remodel the facility and upgrade furniture, fixtures and equipment to current standards within 1 year of Transfer or such shorter period of time we specify. You must: be in compliance with Franchise Agreement; assign your lease, if applicable; pay transfer fee; and sign general release (subject to state law) and subordination agreement. We must notify you that we do not intend to exercise our right of first refusal.
n. Our right of first refusal to acquire your business	§21.5	We have the right to match any bona fide, arms-length offer for your business.
o. Our option to purchase your business	§23.2	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.
p. Your death or disability	§21.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.
q. Non-competition covenants during the term of the franchise <u>(subject to applicable state law)</u>	§16.2 & 16.3	No involvement in a competing business- <u>(subject to applicable state law)</u> .
r. Non-competition covenants after the franchise is terminated or expires <u>(subject to applicable state law)</u>	§16.2, 16.4 & 23.1	No involvement for 2 years in a competing business located anywhere in your territory or within 5 miles of any other CERESSET [®] facility- <u>(subject to applicable state law)</u> .
s. Modification of the agreement	§26.4 & 26.9	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

<p><u>CALIFORNIA</u> Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706<u>62701</u> (217) 782-4465</p> <p><u>INDIANA</u> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p> <p><u>MICHIGAN</u> Franchise Administrator Consumer Protection Division 670 Law Building Lansing, MI 48913 (517) 373-7117</p> <p><u>MINNESOTA</u> Department of Commerce Commissioner of Commerce 85 Seventh Place East, #280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st FL New York, NY 10005 212-416-8222 <u>Agent for Service of Process:</u> Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><u>NORTH DAKOTA</u> North Dakota Insurance & Securities Department 600 East Boulevard Avenue Dept. 401 Bismarck, North Dakota 58505 (701) 328-2910</p> <p><u>RHODE ISLAND</u> Department of Franchise Regulation 1511 Pontiac Avenue John O. Pastore Complex Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>	<p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S Euclid, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p> <p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1st Floor (service of process) 9th Floor (administrator) 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051</p> <p><u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500 Madison, WI 53703 (608) 261-9555</p>
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This Questionnaire does not apply to franchises who intend to operate the franchised business in the State of California.

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE¹

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Cereset, LLC (“we” or “us), and you are preparing to enter into a Franchise Agreement for the operation of a CERESSET® franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

- Yes__ No__ 1. Have you received from us and personally reviewed the Franchise Agreement together with all attachments to the Franchise Agreement?
[If you answer “no,” please explain in Explanation Section]
- Yes__ No__ 2. Have you received from us and personally reviewed a Franchise Disclosure Document (“FDD”)?
[If you answer “no,” please explain in Explanation Section]
- Yes__ No__ 3. Did you sign a receipt for the FDD indicating the date you received it?
- Yes__ No__ 4. Do you understand all the information contained in the FDD and Franchise Agreement?
[If you answer “no,” please identify any information you don’t understand in Explanation Section]
- Yes__ No__ 5. Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
- Yes__ No__ 6. Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it?
- Yes__ No__ 7. Have you reviewed the FDD and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes__ No__ 8. Have you discussed the benefits and risks of developing and operating a CERESSET® franchise with an existing CERESSET® franchisee?
- Yes__ No__ 9. Do you understand the risks of developing and operating a CERESSET® franchise?
- Yes__ No__ 10. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes__ No__ 11. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement or ADA (if applicable) must be arbitrated in Arizona if not resolved informally or by mediation?

¹ Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

13. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:
 - (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
 - (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
 - (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
 - (d) Violations of any provision of this division.
14. 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 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.
15. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

person acting on behalf of the franchisor ~~that was a material inducement to a franchisee's investment.~~ This provision supersedes any other ~~or inconsistent~~ term of any document executed in connection with the franchise.

14. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

FRANCHISOR

Cereset, LLC, an Arizona limited liability company

By: _____

Name: _____

Title: _____

[Date]

FRANCHISEE

[Signature]

[Print Name]

[Date]

ILLINOIS

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

1. Illinois law ~~shall apply to and govern the Franchise Agreement and Supplemental~~governs the Agreements.
2. In ~~accordance~~conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the ~~Franchise Agreement and Supplemental Agreements~~a franchise agreement that ~~designated~~designates jurisdiction and venue in a forum outside of the State of ~~Illinoi~~Illinois is void. However, the ~~Franchise Agreement and Supplemental Agreements~~a franchise agreement may provide for arbitration to take place outside of Illinois. ~~Therefore, any arbitration proceeding may be brought in Maricopa County, Arizona in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.~~
3. Your rights upon ~~Termination and Non-Renewal~~termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with ~~Section~~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. ~~The Franchise Agreement and Supplemental Agreements are amended to state the following:~~

~~To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.~~
6. ~~All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office based upon their review of our financial condition as reflected in our financial statements. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.~~
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

MINNESOTA

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

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

~~1.3.~~ Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

~~2.4.~~ We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

~~3.5.~~ Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.

~~4.6.~~ We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or

indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

5.7. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

8. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

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

10. Items 5 and 7 of this Disclosure Document are amended to include the following:

“All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.”