

**JUMPBUNCH®**  
EXHIBIT “A”  
TO THE DISCLOSURE DOCUMENT  
FRANCHISE AGREEMENT

## **JUMPBUNCH® FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 200\_, by and between JUMPBUNCH, INC., a corporation organized under Maryland law, with its principal business address at 1160 Spa Rd, Suite 3B, Annapolis, Maryland 21403 (referred to in this Agreement as “we, “us” or “our”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_, (referred to in this Agreement as “you”, “your” or “owner”).

### **1. PREAMBLES AND GRANT OF FRANCHISE.**

**1.1. PREAMBLES.** We have expended considerable time and effort in developing a business that specializes in providing sports, fitness, and physical education training and educational programs to children in preschool facilities, day care centers, other school facilities, and similar facilities. These businesses operate under the **JUMPBUNCH®** name and under distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time. We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of **JUMPBUNCH®** businesses, including the **JUMPBUNCH®** trademarks and service marks and associated logo (collectively, the “Marks”). We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort required to own and operate a **JUMPBUNCH®** business offering the services and products we authorize and approve and utilizing our business formats, methods, procedures, signs, designs, layouts, equipment, standards and specifications and the Marks (the “System”), irrespective of the media we use to document the System. You have indicated to us by your actions and statements that you are desirous of a franchise to own and operate a **JUMPBUNCH®** business. The Marks, together with the System and the franchise license granted herein are referred to collectively herein as the “BUSINESS.”

**1.2. ACKNOWLEDGMENTS.** You acknowledge that you have read this Agreement and our Franchise Offering Circular and understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each **JUMPBUNCH®** business and thereby to protect and preserve the goodwill of the Marks. You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a **JUMPBUNCH®** business may evolve and change over time, that an investment in a **JUMPBUNCH®** business involves business risks and that your business abilities and efforts are vital to the success of the venture. Any information you receive from other **JUMPBUNCH®** franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make

any representations as to the accuracy of any such information. All business dealings between you and our officers, directors and employees as a result of this Agreement are solely between you and us. You further acknowledge that we have advised you to seek franchise counsel to review and evaluate this Agreement.

1.3. **GRANT OF FRANCHISE.** You desire a franchise to own and operate a **JUMPBUNCH®** business. Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the "Franchise") to operate a **JUMPBUNCH® BUSINESS** and a license to use the Marks and the System in the operation thereof, for a term commencing on the date of this Agreement and expiring on the tenth (10<sup>th</sup>) anniversary, unless sooner terminated in accordance with Article 14 hereof.

1.4. **YOUR PERFORMANCE.** You agree that you will at all times faithfully, honestly and diligently perform you obligations hereunder, continuously exert your best efforts to promote and enhance the **BUSINESS** and not engage in any other business or activity that conflicts with your obligations to operate the **BUSINESS** in compliance with this Agreement.

1.5. **TERRITORY.** Your exclusive territory (the "Territory"), wherein we will not locate another **JUMPBUNCH®** franchise or company-owned location is described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For the purposes of determining the initial franchise fee (as identified in Article 2.1., below), for calculating the Minimum Royalty (as defined in Article 2.2., below), and for calculating the Minimum 52 Week Gross Revenue Quota (as defined in Article 2.9., below), you and we agree your Territory contains a population of \_\_\_\_\_.

1.6. **RIGHTS WE RESERVE.** We (and our affiliates) retain the right in our sole discretion to:

- 1.6.1. Sell our services and ancillary goods, whether or not using the Marks, through distribution channels other than **JUMPBUNCH®** businesses; and
- 1.6.2. Open and establish, and grant to franchisees the right to establish **JUMPBUNCH®** businesses anywhere outside your Territory, on such terms and conditions as we deem appropriate.

1.7. **GUARANTY AND ASSUMPTION OF OBLIGATIONS.** If you or anyone representing you is signing this Agreement in other than your or their individual capacity, you and such persons representing you shall also execute the Guaranty and Assumption of Obligations document attached hereto as Appendix "B."

1.8. **ACQUISITION OF A SUCCESSOR FRANCHISE.** Upon expiration of the term of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its term, and provided that you add or replace equipment and signs and otherwise modify the BUSINESS as we require to bring it into compliance with specifications and standards then applicable for JUMPBUNCH® businesses, then you will have the right to acquire a successor franchise to operate the BUSINESS as a JUMPBUNCH® business on the terms and conditions of the franchise agreement we are then using in granting successor franchises for JUMPBUNCH® businesses, provided, however, that the successor franchise fee will be equal to twenty five (25%) percent of the then-current franchise fee we are charging for new franchises.

2. **FEES.**

2.1. **INITIAL FRANCHISE FEE.** You agree to pay us a nonrecurring and nonrefundable initial lump sum franchise fee in the amount of \_\_\_\_\_ (\$\_\_\_\_\_) Dollars, which, if fully paid by you, will be fully earned by us upon the execution of this Agreement.

2.2. **DEFINITION OF "GROSS REVENUE".** As used in this Agreement, the term "Gross Revenue" means all revenue you derive from operating the BUSINESS, and whether from cash, check or credit transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the BUSINESS in compliance with our "Methods of Operation" (defined in Article 3.5.).

2.3. **ROYALTY.** You agree to pay us a non-refundable royalty ("Royalty") each calendar month (the "Accounting Period") in the higher amount of eight (8%) percent of Gross Revenue or the minimum royalty amount ("Minimum Royalty") as determined by the criteria set forth in the table below. We must receive the Royalty, and any other amounts due under this Agreement, on or before the third (3rd) business day following the end of each preceding Accounting Period by check through United States mail or by bank-wire transfer, as we determine, along with a monthly revenue report, prepared per our requirements, via facsimile transmission or Internet e-mail, as we determine.

### MINIMUM ROYALTY

Territory Population:	Year 1 of the term of the Franchise Agreement	Year 2 of the term of the Franchise Agreement	Year 3 and thereafter during the remaining term of the Franchise Agreement
<b>Less than 250,000</b>	\$300 per calendar month, beginning fourth month	\$400 per calendar month	\$500 per calendar month
<b>250,000-500,000</b>	\$400 per calendar month, beginning fourth month	\$500 per calendar month	\$600 per calendar month
<b>500,000-1,000,000</b>	\$600 per calendar month, beginning fourth month	\$700 per calendar month	\$800 per calendar month

- 2.4. START-UP MARKETING.** You agree to conduct start-up marketing for the BUSINESS and to expend not less than Five Hundred (\$500) Dollars (the "Start-Up Marketing Expense") for such purpose. Such start-up marketing will utilize marketing and public relations programs and media and advertising materials we have approved. Such start-up marketing shall be conducted at such times as we consider prudent.
- 2.5. REGIONAL/NATIONAL MARKETING.** You shall pay us, concurrently with your Royalty payment, an amount equal to one (1%) percent of Gross Revenue per Accounting Period (the "Ad Fee"), which we will use to conduct regional/national marketing according to our Methods of Operation.
- 2.6. ONGOING LOCAL MARKETING.** In addition to the Ad Fees you pay for regional/national marketing and the Start-Up Marketing Expense, you agree to spend annually for advertising and promotion of the BUSINESS not less than one (1%) percent of Gross Revenue.
- 2.7. INTEREST ON LATE PAYMENTS.** Interest at the highest rate allowed under applicable law will be due on late payments in excess of thirty (30) days past due by either party, calculated from the date due until the date paid. In no circumstances will either party be responsible for interest on late payments to the other party if such late payment is due to circumstances that are beyond the party's control.
- 2.8. APPLICATION OF PAYMENTS.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any

amounts you or your owners owe us against any amounts we might owe you or your owners.

- 2.9. **MINIMUM 52 WEEK GROSS REVENUE QUOTA.** Your rights in and to your JUMPBUNCH® franchise are dependent on your meeting a minimum gross revenue quota. At the end of each fifty two (52) week period of your franchise agreement, commencing on the execution date of the franchise agreement, we will calculate your Gross Revenue (as defined in Article 2.2. of the franchise agreement) for the previous fifty two (52) week period. We reserve the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if at the end of such fifty two (52) week period, you fail to derive Gross Revenue for the BUSINESS during the previous (52) week period in the amounts set forth in the table below (the “Minimum 52 Week Gross Revenue Quota”):

**MINIMUM 52 WEEK GROSS REVENUE QUOTA**

<b>Territory Population:</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3 and thereafter during the remaining term of the Franchise Agreement</b>
<b>Less than 250,000</b>	\$45,000	\$60,000	\$75,000
<b>250,000-500,000</b>	\$60,000	\$75,000	\$90,000
<b>500,000-1,000,000</b>	\$90,000	\$105,000	\$120,000

3. **TRAINING.**

- 3.1. **TRAINING.** Before the BUSINESS begins operating, we will furnish initial training on the operation of a JUMPBUNCH® business to you (or, if you are a corporation or partnership, your managing owner (“Managing Owner”)), and one (1) additional employee you elect to enroll in the training program. Initial training consists of two (2) working days of training for you (or your Managing Owner), and your employee to be furnished at our training facility or at an operating JUMPBUNCH® business. No other additional or refresher courses are required for you to commence operation of your franchise. You (or your Managing Owner), and your employee are required to complete the initial training to our satisfaction. You also are required to participate in all other activities required to operate the JUMPBUNCH® franchise. Although we will furnish initial training to you (or your Managing Owner) and one (1) additional employee at no additional fee or other charge, you will be responsible for all travel and living expenses which you (or your Managing Owner) and your employee incur in connection with training. If we determine that you (or your Managing Owner) are unable to complete

initial training to our satisfaction, by written and/or oral exam or otherwise, we have the right to terminate this Agreement pursuant to Article 14 hereof.

**3.2. REFRESHER TRAINING.** We may require you (or your Managing Owner) and/or previously trained and experienced employees to attend refresher training courses at such times and locations that we designate, and we may charge reasonable fees for such courses. We also require you to pay us fees for our training your new employees hired after your BUSINESS commences operations.

**3.3 GENERAL GUIDANCE.** We will advise you from time to time regarding operating issues concerning the BUSINESS disclosed by reports you submit to us or on-site inspections we make. Such guidance will, at our discretion, be furnished in our "Operations Manual" (defined in Article 3.5. below), bulletins or other written materials and/or during e-mail or telephone consultations and/or consultations at our office or the BUSINESS. In addition, we will furnish guidance to you with respect to:

3.3.1. Standards, specifications and operating procedures and methods utilized by the BUSINESS;

3.3.2 Purchasing required ancillary goods, equipment, materials, supplies and services;

3.3.3. Advertising and marketing programs;

3.3.4. Employee training; and

3.3.5. Administrative, bookkeeping and accounting procedures and services.

**3.4. ADDITIONAL GUIDANCE.** During the term of this Agreement, additional guidance may be provided in any of the following ways:

3.4.1. Telephone and e-mail consultation during such times as are outlined in the Operations Manual (see Article 3.5. below);

3.4.2. Buying advisory services whereby we may provide you with lists of sources and approved suppliers for our ancillary goods, services, equipment, etc.;

3.4.3. Ongoing marketing programs to fulfill our obligations in Articles 2.4. and 2.5. of this Agreement;

3.4.4. Newsletter services whereby we may inform you periodically about the goings-on in the JUMPBUNCH® franchise program;

3.4.5. Meetings, seminars or conventions whereby we may get together with you and other JUMPBUNCH® franchisees for business or social purposes;

3.4.6. Research and development regarding Methods of Operation (see Article 3.5. below);

3.4.7. At your request, we will furnish additional guidance and assistance and, in such a case, may charge the *per diem* fees and charges we establish from time to time. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including *per diem* charges and travel and living expenses for our personnel, will be your responsibility; and/or

3.4.8. As we may mutually agree, we may provide ongoing assistance to you at the hourly fee and charge we establish from time to time.

**3.5. OPERATIONS MANUAL.** During the term of this Agreement, we will allow you to use one (1) copy of our operations manual (“Operations Manual”), consisting of such materials (possibly including, but not limited to, audio tapes, videotapes, magnetic media, computer software, access to our Internet home page, and written materials) that we furnish to franchisees from time to time for use in operating a **JUMPBUNCH®** business. The Operations Manual contains the System and other information and rules that we prescribe from time to time for the operation of a **JUMPBUNCH®** business and information relating to your other obligations under this Agreement and related agreements, which, taken together, we refer to as methods of operation (“Methods of Operation”). The Operations Manual may be modified from time to time to reflect changes in Methods of Operation. You agree to keep your copy of the Operations Manual current and in a secure location at the BUSINESS. In the event of a dispute relating to its contents, the master copy of the Operations Manual we maintain at our principal office will be controlling. **YOU MAY NOT AT ANY TIME COPY, DUPLICATE, RECORD OR OTHERWISE REPRODUCE ANY PART OF THE OPERATIONS MANUAL.** If your copy of the Operations Manual is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge.

#### **4. MARKS.**

**4.1. OWNERSHIP AND GOODWILL OF MARKS.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of the BUSINESS pursuant to and in compliance with this Agreement and Methods of Operation, which we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the BUSINESS in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trademarks and service marks and commercial symbols we authorize you to use.



- 4.2. **LIMITATIONS ON YOUR USE OF MARKS.** You agree to use the Marks as the sole identification of the BUSINESS, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe. You may not use any Marks as part of any corporate or legal business name or as part of an Internet domain name or Internet e-mail address or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Marks may be used in any advertising concerning the transfer, sale or other disposition of the BUSINESS or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the BUSINESS, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trademark and service marks registrations; i.e., “®”, “™”, as we specify and to obtain any fictitious or assumed name registrations required under applicable law. You agree to withdraw any fictitious or assumed name registrations immediately upon termination or expiration of this Franchise Agreement.
- 4.3. **NOTIFICATION OF INFRINGEMENTS AND CLAIMS.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Marks, or of any claim by any person of any rights in any Marks, and agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office (“USPTO”) proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks.
- 4.4. **DISCONTINUANCE OF USE OF MARKS.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Marks and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice thereof. We will not be obligated to reimburse you for any loss of revenue attributed to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.
- 4.5. **DETERMINATION OF CONFIDENTIAL INFORMATION.** We possess (and will continue to develop and acquire), and may disclose to you, certain confidential information (the “Confidential Information”) relating to the development and operation of JUMPBUNCH® businesses, which may include (without limitation):

- 4.5.1. The System, the Operations Manual, any other proprietary materials, the sales and marketing techniques used, and knowledge of and experience in developing and operating **JUMPBUNCH®** businesses;
- 4.5.2. Marketing and advertising programs for **JUMPBUNCH®** businesses;
- 4.5.3. Knowledge of specifications for and suppliers of certain ancillary goods, services, equipment, materials and supplies; and
- 4.5.4. Knowledge of the operating results and financial performance of **JUMPBUNCH®** businesses other than the BUSINESS.

**4.6. FOR BUSINESS USE ONLY.** You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the BUSINESS during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you:

- 4.6.1. Will not use Confidential Information in any other business capacity;
- 4.6.2. Will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement;
- 4.6.3. Will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and
- 4.6.4. Will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to BUSINESS personnel and others.

**4.7. IDEAS, CONCEPTS, TECHNIQUES OR MATERIALS.** All ideas, concepts, techniques or materials relating to a **JUMPBUNCH®** business, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made for hire for us. You and your owners agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

## **5. EXCLUSIVE RELATIONSHIP**

5. **EXCLUSIVE DEALINGS.** You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among JUMPBUNCH® businesses if franchised owners of JUMPBUNCH® businesses were permitted to hold interests in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses, children or other relatives by blood or marriage) will:

5.1.1. Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business;

5.1.2. Perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or;

5.1.3. Recruit or hire any person who is our employee or the employee of any JUMPBUNCH® business without obtaining the prior written permission of that person's employer.

5.2. **COMPETITIVE BUSINESS.** The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, any BUSINESS which is similar to this business (other than a JUMPBUNCH® business operated under a franchise agreement with us).

## 6. **METHODS OF OPERATION.**

6.1. **COMPLIANCE WITH METHODS OF OPERATION.** You acknowledge and agree that your operation and maintenance of the BUSINESS in accordance with Methods of Operation (defined in Article 3.5.) is essential to preserve the goodwill of the Marks and all JUMPBUNCH® businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the BUSINESS in accordance with Methods of Operation, as we periodically modify and supplement them during the term of this Agreement. Methods of Operation may regulate any one or more of the following with respect to the BUSINESS:

6.1.1. Replacement of obsolete or worn out equipment;

6.1.2. Types, models and brands of required equipment, materials and supplies;

6.1.3. Required or authorized services, ancillary goods and categories for same;

- 6.1.4. Designated or approved suppliers (which may be limited to or include us) of ancillary goods, services, equipment, materials and supplies;
- 6.1.5. Terms and conditions of the sale and delivery of, and terms and methods of payment for, ancillary goods, services, including direct labor, materials and supplies that you obtain from us, our affiliates or others;
- 6.1.6. Sales, marketing, advertising and promotional programs and materials and media used in such programs;
- 6.1.7. Use of the Marks;
- 6.1.8. Staffing levels for the BUSINESS and matters relating to managing the BUSINESS; communication to us of the identities of the BUSINESS' personnel; and qualifications, training, dress and appearance of employees;
- 6.1.9. Days and hours of operation of the BUSINESS;
- 6.1.10. Participation in market research and testing and services and ancillary goods development programs;
- 6.1.11. Acceptance of credit cards, other payment systems and check verification services;
- 6.1.12. Bookkeeping, accounting, data processing and record keeping systems and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
- 6.1.13. Types, amounts, terms and conditions of insurance coverage required to be carried for the BUSINESS and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the BUSINESS at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;
- 6.1.14. Complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the BUSINESS; and
- 6.1.15. Regulation of such other aspects of the operation and maintenance of the BUSINESS that we determine from time to time to be useful to preserve or

enhance the efficient operation, image or goodwill of the Marks and JUMPBUNCH® businesses.

6.2. **PROVISIONS OF THIS AGREEMENT.** You agree that Methods of Operation prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all Methods of Operation as periodically modified.

6.3. **MODIFICIATION OF METHODS OF OPERATION.** We may periodically modify Methods of Operation, as we determine, and any such modifications may obligate you to invest additional capital in the BUSINESS (“Capital Additions”) and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any Capital Additions when such investment cannot, in our reasonable judgement, be amortized during the remaining term of this Agreement, unless we agree to extend the term of this Agreement so that such additional investment, in our reasonable judgment, may be amortized, or unless such investment is necessary in order to comply with applicable laws.

## 7. **RECORDS, REPORTS AND FINANCIAL STATEMENTS.**

7.1. **BOOKKEEPING.** You agree to establish and maintain at your own expense a bookkeeping, accounting and record keeping system conforming to the requirements and formats we prescribe from time to time. We may require you to use approved computer hardware and software in order to maintain certain sales data and other information. We may require you to use an accountant approved by us in advance by us. You agree to furnish to us, upon our request, on such forms that we prescribe, without limitation, such records, reports, annual federal tax returns, and financial statements as we may require from time to time.

7.2. **VERIFICATION.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis. Moreover, we have the right, as often as we deem appropriate, including on a daily basis, to access the computer systems that you are required to maintain in connection with the operation of the BUSINESS and to retrieve all information relating to the BUSINESS's operations.

## 8. **INSPECTIONS AND AUDITS.**

8.1. **OUR RIGHTS TO INSPECT THE BUSINESS.** To determine whether you and the BUSINESS are complying with this Agreement and Methods of Operation, we and our

designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

- 8.1.1. Inspect your operation of the BUSINESS;
  - 8.1.2. Observe, photograph and videotape the operations of the BUSINESS for such consecutive or intermittent periods, as we deem necessary;
  - 8.1.3. Remove samples of any ancillary goods, materials or supplies for testing and analysis;
  - 8.1.4. Interview personnel and customers of the BUSINESS; and
  - 8.1.5. Inspect and copy any books, records and documents relating to your operation of the BUSINESS.
- 8.2. **COOPERATION.** You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf.
- 8.3. **OUR RIGHT TO AUDIT.** We have the right at any time during regular business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a corporation or partnership) and the FRANCHISE's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. In the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, you agree to reimburse us for the reasonable cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. In the event an inspection or audit reveals that any payments have been understated in any report to us, then you shall immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the highest contract rate of interest permitted by law. If an inspection or audit discloses an understatement in any report of two (2%) percent or more, you shall, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

**9. TRANSFER.**

**9.1 BY US.** This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

**9.2 BY YOU.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation or partnership, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, acumen and financial capacity. Accordingly, neither this Agreement (or any interest therein) nor any ownership or other interest in you or the BUSINESS may be transferred without our prior written approval. The proposed transferee must be willing to sign the form of franchise agreement we are then customarily using with new franchisees and must agree to complete initial training to our satisfaction. You agree to pay us a transfer fee in the amount of Five Thousand (\$5,000) Dollars to defray expenses we incur in connection with the transfer, including the costs of training the transferee (or its Managing Owner) and its other personnel, reasonable legal fees and administrative costs incurred, and our reasonable out-of-pocket expenses, including, without limitation, travel, meals, lodging and other investigative expenses involved in meeting with or qualifying the transferee. If the proposed transfer is among your owners, this Article 9.2. will not apply, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer. Any transfer without such approval constitutes a breach of the Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in:

9.2.1. This Agreement;

9.2.2. You; or

9.2.3. The BUSINESS.

**9.3. OUR RIGHT OF FIRST REFUSAL.** We have the right, exercisable by written notice delivered to you or your selling owners within sixty (60) days from the date of the delivery to us of both an exact copy of such *bona fide* offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such *bona fide* offer, provided that:

9.3.1. We may substitute cash for any form of payment proposed in such offer;

9.3.2. Our credit will be deemed equal to the credit of any proposed purchaser;

9.3.3. We will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and

9.3.4. We are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

9.3.4.1. Ownership and condition of and title to stock or other forms of ownership interest and/or assets;

9.3.4.2. Liens and encumbrances relating to the stock or other ownership interest and/or assets; and

9.3.4.3. Validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

9.4. **EXERCISE.** If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of twenty four (24) months commencing on the date of the closing, you and they will be bound by the non-competition covenants contained in Article 11.3. hereof.

## 10. **TERMINATION OF AGREEMENT.**

10.1. **BY YOU.** You and your owners may not terminate this Agreement except by operation of law. Your termination of this Agreement for any other reason or without availing yourself of legal redress will be deemed a termination without cause.

10.2. **BY US.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

10.2.1. You (or your Managing Owner) fail to successfully complete initial training to our satisfaction;

10.2.2. You fail to begin operating the BUSINESS within ninety (90) calendar days after the execution of this Agreement;

10.2.3. You abandon or fail actively to operate the BUSINESS, for ten (10) or more consecutive business days, unless the BUSINESS has been closed for a purpose we have approved or because of a major and significant casualty or by reason of a lawful government order;

10.2.4. You surrender or transfer control of the operation of the BUSINESS without our prior written consent;

10.2.5. You (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;



- 10.2.6. You (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or any crime involving moral turpitude;
- 10.2.7. You (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the BUSINESS or another JUMPBUNCH® business or the goodwill associated with the Marks;
- 10.2.8. You (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the BUSINESS;
- 10.2.9. In the event of your death or permanent disability or the death or permanent disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as herein required;
- 10.2.10. You (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement;
- 10.2.11. You violate any health, safety or sanitation law, ordinance or regulation and do not immediately begin to cure the non-compliance or violation, and correct such non-compliance or violation within twenty four (24) hours after written notice thereof is delivered to you;
- 10.2.12. You fail to make payments of any amounts due to us and do not correct such failure within seven (7) days after written notice of such failure is delivered to you;
- 10.2.13. You fail to pay when due any federal or state income, service, sales, employment related or other taxes due on the operations of the BUSINESS, unless you are, in good faith, legally contesting your liability for such taxes;
- 10.2.14. You (or any of your owners) fail to comply with any other provision of this Agreement or our Methods of Operation and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;
- 10.2.15. You (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, or to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

10.2.16. You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the BUSINESS or any of its assets is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the BUSINESS is vacated within thirty (30) days following the entry of such order.

**11. COVENANT NOT TO COMPETE.**

**11.1. COVENANT NOT TO COMPETE. Upon:**

11.1. Our termination of this Agreement in accordance with its terms and conditions, including the transfer or assignment of this Agreement or any interest in the BUSINESS, or

11.2. Your termination of this Agreement without cause, or

11.3. Expiration of this Agreement (if we refuse to grant, or you elect not to acquire, a successor franchise), you and your owners agree that, for a period of twenty four (24) months (the "Restriction Period") commencing on the effective date of termination or expiration or the date on which a person restricted by this Article begins to comply with this Article, whichever is later, neither you nor any of your owners will have any direct or indirect interest (i.e., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business (as defined in Article 5.2. above) operating within one hundred (100) miles of your franchise location (the "Location") or fifty (50) miles from any other JUMPBUNCH® business in operation or under a signed franchise agreement on the later of the effective date of the termination or expiration or the date on which a person restricted by this Article complies with this Article.

**12. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.**

**12.1. INDEPENDENT CONTRACTORS.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealing with customers, suppliers, public officials, BUSINESS personnel and others as the owner of the BUSINESS under a franchise we have granted and to place such notices of independent ownership on such forms, checks, business cards, stationery and advertising and other materials as we may require from time to time.

- 12.2. NO LIABILITY FOR ACTS OF OTHER PARTY.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchiser and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages of any nature whatsoever to any person or property directly or indirectly arising out of the BUSINESS' operation or the business you conduct pursuant to this Agreement.
- 12.3. TAXES.** We will have no liability for any sales, use, service, occupation, employment related, excise, gross receipts, income, property or other taxes, whether levied upon you or the BUSINESS, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your responsibility.
- 12.4. INDEMNIFICATION.** You agree to indemnify, exculpate, defend and hold us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") harmless from and against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Article, any and all taxes described in Article 12.3. and any and all claims and liabilities directly or indirectly arising out of the BUSINESS' operation or your breach of this Agreement. For purposes of this indemnification, "claims" includes all obligations, liabilities, costs, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.
- 12.5. MITIGATION NOT REQUIRED.** Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

**13. ENFORCEMENT.**

- 13.1. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.** Except as expressly provided to the contrary herein, each provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto, otherwise upon your receipt from us of a notice of non-enforcement thereof.
- 13.2. LESSER COVENANT ENFORCEABLE.** If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.
- 13.3. GREATER NOTICE.** If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required hereunder of the termination of this Agreement or of our refusal to enter into a successor franchise agreement, or the taking of some other action not required hereunder, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any of Methods of Operation is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions hereof, and we will have the right in our sole discretion to modify such invalid or unenforceable provision or unenforceable part of Methods of Operation to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any part of Methods of Operation, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.
- 13.4. WAIVER OF OBLIGATIONS.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our

sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

- 13.5. NON-WAIVER.** We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including without limitation the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of any custom or practice at variance with the terms hereof; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder including without limitation; Methods of Operation; our waiver, forbearance, delay, failure, or omission to exercise any right, power or option whether of the same, similar or different nature with respect to other **JUMPBUNCH®** businesses; the existence of other franchise agreements for **JUMPBUNCH®** businesses which contain different provisions from those contained herein; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement, or accord, and satisfaction. We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.
- 13.6. FORCE MAJEURE.** Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our failure to perform our or your obligations results from:
- 13.6.1 transportation shortages, inadequate supply of equipment, products, merchandise, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;
  - 13.6.2 Acts of nature;
  - 13.6.3 Fires, strikes, embargoes, war or riot; or
  - 13.6.4 Any other similar event or cause.
- 13.7. EXTEND PERFORMANCE.** Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence or payment of Royalties due on any sales thereafter.
- 13.8. DISCONTINUED PROGRAMS/PROMOTIONS.** We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we discontinue any programs or promotions and they are no longer a part of our Methods of Operation or if we cannot deliver, or cause to be delivered, or if our affiliates or designated sources or

approved suppliers cannot deliver, all of your orders for ancillary products, merchandise, equipment, supplies, etc., where such items are out-of-stock or discontinued.

- 13.9. COSTS AND ATTORNEYS' FEES.** If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.
- 13.10. YOU MAY NOT WITHHOLD PAYMENTS DUE TO US.** You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to arbitration as provided in Article 13.12.
- 13.11. RIGHTS OF PARTIES ARE CUMULATIVE.** Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.
- 13.12. ARBITRATION.** Except for money you owe us, our affiliates, designated sources or approved suppliers and except for controversies, disputes or claims related to or based on your use of the Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between us and our shareholders, officers, directors, agents and employees and you (your owners, guarantors, affiliates and employees, if applicable) arising out of or related to:
- 13.12.1. This Agreement or any other agreement between you and us or any provision of any such agreement; our relationship with you; the validity of this Agreement or any other agreement between you and us or any provisions of any such agreement; or any part of Methods of Operation relating to the establishment or operation of the BUSINESS, will be submitted for arbitration to the office of the American Arbitration Association that is nearest to our principal business address on demand of either party. Such arbitration proceedings will be conducted in such office, except as otherwise provided in this agreement, and will be heard by one arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 *et. seq.*) and not by any state arbitration law.
- 13.12.2 The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, provided that the arbitrator will not have the right to declare any Marks generic or otherwise invalid or, except as otherwise provided in Article 13.15., to award exemplary

or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

13.12.3. We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred.

13.12.4. We and you agree that arbitration will be conducted on an individual, not class-wide, basis, and that an arbitration proceeding between us and our shareholders, officers, directors, agents and employees and you (and/or your owners, guarantors, affiliates and employees, if applicable) may not be consolidated with any other arbitration proceeding between us and any other person, corporation or partnership.

13.12.5. Notwithstanding anything to the contrary contained in this Article, we and you each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided herein.

13.12.6. The provisions of this Article are intended to benefit and bind certain of your third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The provisions of this Article 13.12. will in no cases apply to our parent company(ies), subsidiary company(ies), or affiliated company(ies).

**13.13. GOVERNING LAW.** All matters relating to arbitration will be governed by the FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 *et. seq.*). Except to the extent governed by the Federal Arbitration Act as required hereby, the UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *et. seq.*) or other federal law, this Agreement, the franchise and all claims arising from the relationship between us and you will be governed by the laws of Maryland, without regard to its conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this Article.

**13.14. CONSENT TO JURISDICTION.** Subject to Article 13.12. hereof, you and your owners agree that we may institute any action against you or your owners in any state or federal court of general jurisdiction in Maryland, and you (and each owner) irrevocably submit to the jurisdiction of such courts and waive any objection you (or her or she) may

have to either the jurisdiction of or venue in such courts. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

- 13.15. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** Except with respect to your obligation to indemnify us pursuant to Article 12.4. and 12.5. hereof and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your respective owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.
- 13.16. BINDING EFFECT.** This agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest and may not be modified except by written agreement signed by you and us.
- 13.17. LIMITATIONS OF CLAIMS.** Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 13.18. CONSTRUCTION.** The preambles and exhibits are a part of this Agreement which, together with the Operations Manual and our other written policies, constitutes our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement, except that you acknowledge that we justifiably have relied on your representations made prior to the execution of this Agreement as set forth in Article 1 hereof. Except as contemplated by the arbitration provisions of Article 13.12. hereof, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.
- 13.19. WITHHOLD APPROVAL.** Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.
- 13.20. HEADINGS.** The headings of the several Articles hereof are for convenience only and do not define, limit or construe the contents of such Articles.



- 13.21. JOINT AND SEVERAL OWNERS' LIABILITY.** If two or more persons are at any time the owner of the BUSINESS hereunder, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee of this Agreement and the BUSINESS or an interest in you) including without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise or the BUSINESS and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, equitable interest or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets thereof. References to a "controlling interest" in you mean thirty three and one-third (33.33%) percent or more of your voting shares or other voting rights if you are a corporation or partnership owned by three (3) or more persons; otherwise, fifty (50%) percent or more of your voting shares or other voting rights will constitute a "controlling interest." "Person" means any natural person, corporation, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.
- 13.22. "BUSINESS".** The term "BUSINESS" as used herein includes all of the assets of the JUMPBUNCH® business you operate pursuant to this Agreement, including its revenue and income.
- 13.23. MULTIPLE COPIES.** This Agreement may be executed in multiple copies, each of which will be deemed an original.
- 13.24. "CORPORATION OR PARTNERSHIP".** The term "corporation or partnership" as used herein to describe your business entity shall, if applicable, include reference to your formation as a limited liability company, limited liability partnership, or any other type of limited liability entity.

#### **14. NOTICES AND PAYMENTS.**

- 14.1. NOTICES.** All written notices and reports permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

14.1.1. At the time delivered by hand;

14.1.2. One (1) business day after transmission by telecopy, facsimile or other electronic system;

14.1.3. One (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or

14.1.4. Three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address

of which the notifying party has been notified. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

- 14.2. PAYMENTS.** All payments required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered as provided in Article 14.1. above and will be deemed delivered by bank-wire transfer upon telephone or electronic confirmation with the receiving bank.

**[THE SPACE BELOW IS LEFT BLANK BY INTENTION]**

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

JUMPBUNCH, INC.

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

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

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

Dated: \_\_\_\_\_

***EACH OF THE UNDERSIGNED PARTIES WARRANTS AND REPRESENTS THAT HE/SHE HAS NOT RELIED UPON ANY GUARANTEES CONCERNING REVENUE, PROFIT OR THE SUCCESS OF THIS FRANCHISE IN SO SIGNING.***

[OWNER CORPORATION OR PARTNERSHIP]

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

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

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

Dated: \_\_\_\_\_

*As Individuals:*

\_\_\_\_\_

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

Dated: \_\_\_\_\_

\_\_\_\_\_

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

Dated: \_\_\_\_\_

\_\_\_\_\_

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

Dated: \_\_\_\_\_

**APPENDIX "A"**

**TO THE FRANCHISE AGREEMENT  
BETWEEN JUMPBUNCH, INC.  
AND**

\_\_\_\_\_  
DATED \_\_\_\_\_, 200\_\_

Effective Date: This Appendix A is current and complete  
as of \_\_\_\_\_, 200\_\_

**15. FORM OF OWNER.**

**15.1. MANAGING OWNER.** Your owners and you will grant to one individual, "Managing Owner", the authority to legally bind you in any dealings with us, or our affiliates, and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the BUSINESS. You must notify us thirty (30) days in advance of any change in the identity of the Managing Owner. Where such change results from the death or incapacity of the Managing Owner, you shall immediately notify us of such death or incapacity and you will appoint a new Managing Owner within sixty (60) days after such death or incapacity and give us ten (10) days prior notice of such appointment. We reserve the right to review and disapprove of such appointed new Managing Owner. We reserve the right to review and approve the authority of such Managing Owner with respect to your Articles of Organization, LLC Operating Agreement, Partnership Agreement, Shareholders Agreement, or similar documents. Neither you nor your owners will, directly or indirectly, take any action to avoid or restrict the authority requirement for the Managing Owner. The name, home address and social security number of the Managing Owner is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**15.2. PROPRIETORSHIP.** Your owner(s) (is/are) as follows: \_\_\_\_\_  
\_\_\_\_\_

**15.3. CORPORATION OR PARTNERSHIP.** You were incorporated or formed on \_\_\_\_\_, 200\_\_, under the laws of the State of \_\_\_\_\_. You have not conducted business under any name other than your corporate or partnership name. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

**Name of Each Director/Officer**

**Position(s) Held**

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**15.4. OWNERS.** The following list includes the full name and mailing address of each person who is one of your owners (as defined in the Franchise Agreement) and fully describe the nature of each owner's interest.

**Owner's Name and Address**

**Description of Interest (Must total 100%)**

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**IN WITNESS WHEREOF, the parties hereto have executed this Appendix "A" to the Franchise Agreement on the date(s) set forth below.**

**[THE SPACE BELOW IS LEFT BLANK BY INTENTION]**

JUMPBUNCH, INC.

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

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

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

[OWNER CORPORATION OR PARTNERSHIP]

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

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

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

Dated: \_\_\_\_\_

*As Individuals:*

\_\_\_\_\_

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

Dated: \_\_\_\_\_

\_\_\_\_\_

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

Dated: \_\_\_\_\_

\_\_\_\_\_

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

Dated: \_\_\_\_\_

\_\_\_\_\_

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

Dated: \_\_\_\_\_

**APPENDIX "B"**

TO THE FRANCHISE AGREEMENT  
BETWEEN JUMPBUNCH, INC.  
AND

DATED \_\_\_\_\_, 200\_\_

**16. GUARANTY AND ASSUMPTION OF OBLIGATIONS.**

**16.1. PARTIES.** THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the "Guaranty") is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

**16.2. PARTIES.** In consideration of, and as an inducement to, the execution of the Franchise Agreement (the "Agreement") dated \_\_\_\_\_ between you and us, each of the undersigned (the "Undersigned") hereby personally and unconditionally:

16.2.1. Guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that,

\_\_\_\_\_  
\_\_\_\_\_

("owners") will punctually pay and perform and satisfy each and every obligation, undertaking, agreement and covenant of Franchisee set forth in the Agreement; and

16.2.2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

**16.3. CONSENT AND AGREEMENT.** Each of the Undersigned consents and agrees that:

16.3.1. His direct and immediate liability under this Guaranty will be joint and several;

16.3.2. He will render any payment or performance required under the Agreement upon demand if owner fails or refuses, for any reason, punctually to do so;

16.3.3. Such liability will not be contingent or conditional upon our pursuit of any remedies against owner or any other person; and

16.3.4. Such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement and thereafter.

16.4. **WAIVERS.** Each of the Undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the Undersigned may have against owner arising as a result of the Undersigned's execution of and performance under this Guaranty.

**IN WITNESS WHEREOF**, each of the Undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

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

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

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