



## FRANCHISE CONSULTING AGREEMENT

THIS FRANCHISE CONSULTING AGREEMENT ("Agreement") is effective as of \_\_\_\_\_, 2\_\_\_\_ (the "Effective Date"), by and between Spring Break LLC., a Ohio Limited Liability Company ("SB"), and \_\_\_\_\_ ("Client").

### **1. Background.**

- A. SB is experienced in the development, formation, sale, and operation of franchise systems.
- B. Client is an existing franchisor or a prospective franchisor that wishes to purchase from SB the services identified in Schedule "A" (the "Services") in connection with Client's existing or currently contemplated franchise system.

### **2. Engagement.**

The parties hereby agree that SB is engaged by Client to provide the Services described on the Schedule "A" attached hereto, which Schedule is incorporated herein by this reference.

### **3. Standards of Service.**

SB agrees to perform all of the Services in a commercially reasonable manner. SB will act diligently and in good faith in performing the Services. If SB has failed to provide any of the Services in accordance with the terms of this Agreement, Client shall provide SB with a written notice identifying all deficiencies. SB shall have a period of 30 days to cure any identified deficiencies. If any deficiency which constitutes a material breach of this Agreement is not cured within the above referenced 30-day period, the Client may terminate this Agreement.

### **4. Standards of Service and Disclaimer.**

Client understands that the Services provided by SB are based upon the underlying business model developed by Client prior to this Agreement. SB does not guarantee or represent that Client's franchise system will be successful or that the business to be operated by franchisees is viable.

### **5. Client Obligations.**

A. Fees. Client shall make payments to SB in the amounts set forth in Schedule A for the respective Services described therein (collectively, "Fees"). If the scope of Client's activities materially changes from those contemplated at the time this Agreement is executed, or if Client requires an unusually large number of revisions to the Work Product prepared by SB, the time and resources necessary to complete the Services may increase and reasonable additional Fees may apply. SB will consult with Client regarding any such additional work and the associated fees prior to commencing the work.

B. Reimbursed Costs. All costs and services identified in Schedule A are included as part of the contracted Fee for the associated Services. In addition to these Fees, Client shall separately pay directly for any necessary travel expenses including lodging and meals while traveling to Client's location located outside of the Ohio area and any and all other reasonable expenses incurred by SB in connection with the performance of the Services. For all necessary travel expenses, SB shall first discuss the expense with Client and obtain Client's approval of the expenditure. All amounts that Client must reimburse to SB pursuant to this Section shall collectively be referred to as "Reimbursed Costs".

C. Payment of Invoices: Service Charge. All Fees and Reimbursed Costs are due and payable immediately within 5 days after the due date. The Fees shall be paid in the manner specified in Schedule A. If Client fails to pay any Fee or Reimbursed Cost within five (5) days after receipt of a delinquency notice from SB, Client agrees that any outstanding invoice shall bear interest at 18% per annum in addition to a service charge of \$150 for its additional administrative efforts in seeking collection of payment. Client's payment of a service charge shall in no way affect SB's right to terminate this Agreement pursuant to Section 10.A based on Client's failure to pay in a timely manner.

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D. Client's Duty to Cooperate. Client shall, at all times and in good faith, cooperate with SB and timely comply with FC's reasonable requests relevant to SB's performance of the Services, including: (i) requests for information, documents, access to equipment, access to Client's computer network, and access to Client's personnel; and (ii) any other specific obligations of Client set forth on the Schedules. Client hereby represents and warrants to SB that, to the best of its knowledge, all information provided to SB in connection with the Services is true and correct in all material respects. Client hereby covenants to update such information as necessary for the foregoing to remain accurate in all material respects. Client acknowledges that SB often will communicate with client(s) by email. In that regard, Client agrees to designate an email address to be provided to SB and to review and respond to any emails from SB within 48 hours of receipt. Client expressly attests and avers, through the execution of this Agreement, that all information provided to SB by Client for the purposes of the franchise creation, documentation, franchise sales and any other information is true and correct. Client agrees to indemnify SB for any monetary loss arising from any transaction or litigation resulting from the use of the information provided to SB by Client, and will reimburse SB for any loss suffered in connection with any legal action arising from said transaction.

E. Miscellaneous Duties. Client shall be responsible for any and all upkeep on filed and registered trademarks, patents, copyrights, and other state or federally filed proprietary information (i.e. renewal of trademarks).

## **6. Work Product.**

If the scope of Services includes the preparation of any work product that is fixed in any written, electronic or other tangible form (collectively, "Work Product"), Client shall become the owner of the Work Product and all intellectual property rights associated therewith immediately and automatically upon payment of all Fees and Reimbursed Costs owed under this Agreement. Prior to payment of all Fees and Reimbursed Costs, and provided that Client is not in material default under this Agreement, SB shall grant Client a royalty-free license to use the Work Product solely for its intended purpose, which shall be limited to the administration of Client's franchise system. If SB terminates this Agreement pursuant to Section 10.A due to Client's uncured material breach, the license granted by this Section shall immediately terminate and Client shall immediately cease to use the Work Product and either return to SB or destroy all Work Product (and all copies or derivatives of Work Product) in its possession. SB shall not be permitted to utilize any returned Work Product for its own purposes or for the benefit of any other client if such Work Product incorporates any of Client's intellectual property (e.g., trademarks, copyrighted materials, etc.). Notwithstanding any transfer of ownership or license to use the Work Product, Client understands that it may only use the Work Product for Client's benefit and for its intended purpose, which shall be limited to the administration of Client's franchise system. Without SB's prior written consent, Client may not sell or grant any interest in the Work Product to any person other than a successor to Client's interest in Client's franchise system. The restrictions on use of Work Product shall survive the expiration or termination of this Agreement.

## **7. Confidentiality and Non-Solicitation.**

The parties agree to protect each other's confidential information and trade secrets. During the period that this Agreement is in effect and for a period of two (2) years thereafter, neither party shall, directly or indirectly, induce or attempt to induce: (i) any employee of the other party to leave such employment; or(ii) any client or prospective client of the other party to transfer its business away from such party. In addition, neither party shall solicit or make offers of employment, in any capacity, either directly or indirectly, to or enter into any consulting relationships or agreements with the employees of the other party during the term of this Agreement or for a period of two (2) years thereafter. Neither party shall interfere with the other party's business relationships with any of its independent contractors or vendors or directly or indirectly solicit or attempt to induce such contractors or vendors to enter into a direct relationship with the party for services previously provided by the other party during the term of this Agreement or for a period of two (2) years thereafter. Client understands and agrees that SB is permitted to offer its franchise services, similar to those offered to Client, to other businesses, including those that may currently or in the future be considered a competitor of the Client. The restrictions in this Section 7 shall survive the expiration or termination of this Agreement.

**8. Indemnification.**

Each party agrees to indemnify and hold harmless the other party, and each of the other party's affiliates, owners, members, employees and agents (in either case, the "Indemnified Parties") for, from and against any and all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, incurred by the Indemnified Parties as a result of any claim by a third party alleging that any materials, information or intellectual property provided

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by the indemnifying party (whether or not incorporated into Work Product) infringes upon the intellectual property rights of such third party. In addition, Client agrees to indemnify and hold harmless SB and SB's affiliates, owners, members, employees and agents for any claims, actions, damages, liabilities, costs and expenses incurred by any such parties as a result of Client's use of the Work Product and/or the administration of the franchise system, except to the extent the claim is based upon an allegation that any materials, information or intellectual property provided by SB infringes upon the intellectual property rights of such third party. This Section 8 shall survive the expiration or termination of this Agreement.

**9. Term.**

The term of this Agreement (except for section 7.0 above) shall commence upon the Effective Date and continue until the earlier of (i) the completion of all of the Services together with payment of all amounts required hereunder or (ii) the termination of this Agreement pursuant to Section 10 below.

The term for items listed in sections 13.1, 13.2 and 15.0 of Schedule A is twelve (12) months beginning from the day that the franchise is launched, which is measured from the day that the Franchise Training (as stated in section 14.0 of Schedule A) is provided to Client ("Franchise Sales and Maintenance Term").

**10. Termination.**

A. Termination for Default. Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party may terminate this Agreement by giving 30 day's written notice specifying the nature of the default. If the defaulting party fails to cure the default within the 30-day notice period, this Agreement shall be deemed terminated without further notice. Spring Break LLC can terminate its obligations related to franchise sales as stated in section 13.1 or 13.2 of Schedule A at any time, if it feels that Client is not following Spring Break's policies related to franchise sales, particularly related to fair and ethical practices. Upon termination of this agreement by SB for non-payment by Client, all outstanding amounts owed by Client shall become due immediately.

B. Suspension of Services. If Client fails to comply with any of its payment obligations or its obligation to cooperate with SB, SB reserves the right to suspend performance of all Services until Client has fully cured such breach. In such event, SB also reserves the right to terminate the Client's license to use the Work Product until the breach is fully cured. Notwithstanding anything to the contrary herein, SB will not suspend performance of services and will not terminate Client's license to use the Work Product where a legitimate dispute as to payment or obligations exist.

**11. Miscellaneous Provisions.**

A. Independent Contractor. SB and all of its personnel and its independent contractors are not employees or agents of Client and are acting as independent contractors with respect to the performance of the Services for Client. Neither SB, nor Client, shall have any obligation, responsibility or authority to act on behalf of, or in the name of, the other to bind the other in any manner whatsoever, and neither party shall represent to any other person or entity that they may do so.

B. Customer Reference. You agree (i) that SB may identify you as a recipient of services and use your logo in sales presentations, marketing materials, press releases, and YouTube channel; and (ii) that SB may develop and use a brief customer profile for use by SB on SpringBreak365.com for promotional purposes.

C. Force Majeure. Neither party shall have any liability for delay in performance or failure to perform any of its obligations under this Agreement if such delay or failure to perform results from causes beyond such party's reasonable control.

D. Entire Agreement. Each party to this Agreement acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement (and the Schedule and agreements attached hereto) constitutes the complete and exclusive statement of the terms and conditions between the parties, which supersedes and merges all prior proposals, understandings and all other agreements, oral and/or written, between the parties related to the subject matter hereof. The parties expressly acknowledge that they do not intend for any other person or entity to be a third party beneficiary of this Agreement, except as expressly set forth in this Agreement.

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E. No Oral Modification of this Agreement. This Agreement may not be modified, amended or altered in any manner except by a written agreement to modify, amend or alter duly executed by the parties hereto.

F. No Waiver. The waiver or failure of either party to exercise any right in any respect provided for herein shall not be deemed to be a waiver of any further right hereunder.

G. Governing Law and Dispute Resolution. This Agreement and any disputes arising between the parties shall be governed by, the laws of the State of Ohio (without giving effect to its conflict of laws principles). The parties agree to submit any claim, dispute or disagreement to mediation before a mutually-agreeable mediator. If the dispute is not resolved by mediation within 30 days after either party makes a demand for mediation, the parties agree that any action to enforce, interpret or construe this Agreement or otherwise arising from the relationship between Client and SB must be brought in the Lorain county common pleas court or the U.S. Northern District Court of Ohio.

H. Attorneys' Fees. In any dispute arising between the parties to this agreement they each agree to bear their own attorney's fees in connection with any mediation or litigation in the Lorain County Court of Common Pleas, and any appeals in the District Court of Appeals in Ohio or Ohio Supreme Court.

I. Severability. The invalidity or unenforceability of any term or terms of this Agreement shall not invalidate, make unenforceable or otherwise affect any other term of this Agreement. All other terms of this Agreement shall remain in full force and effect.

J. Notices. Any notice provided pursuant to this Agreement, if specified to be in writing, shall be in writing and shall be deemed given (i) if by email, hand delivery or by delivery service. Upon receipt thereof, or (ii) if mailed, three (3) days after deposit in the U.S. mails, postage prepaid. All notices shall be addressed to the parties at the addresses specified below or at such other addresses as either party may in the future specify in writing to the other.

SB address for notices: Client address for notices:

PO Box 3114

Lorain, Ohio 44052

Email: [SpringBreakLLC@gmail.com](mailto:SpringBreakLLC@gmail.com)

J. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first set forth above.

'SB' "CLIENT"

Spring Break LLC., a Ohio Limited Liability Company name:

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

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

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



**By Spring Break® Bail Bonds & Insurance**



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**SCHEDULE A**

Client has requested, and SB has agreed to provide, the following Services in exchange for payment of the following fees:

The fee for the above-stated services shall be \$45,000 payable according to the schedule shown below.

- A. An initial payment of \$22,500 at the execution of this agreement, a second payment of \$11,250 upon the 30<sup>th</sup> day of the execution of this Agreement, and a final payment of \$11,250 when the Franchise Disclosure Document is produced.

**Description of Services:**

**1.0 INITIAL MEETING**

During the first meeting, the Client will meet with representatives of Spring Break LLC. The main purpose of

this meeting is to understand the client's business and to identify the client's principal franchise strategy. Spring Break's background and services are reviewed and a preliminary time-line is discussed.

✓ Included

## **2.0 MARKET RESEARCH AND COMPETITIVE ANALYSIS**

To establish the model for Client's franchised business, Client's franchise model will be benchmarked against three to four comparable existing franchises and businesses in the same or similar industries. The results of this study will be presented to the client by Spring Break LLC's General Agent and is later shared with the Client, for Client's records. The Client and Spring Break LLC will establish the architecture and the financial parameters of the Client's franchise system based on information found from this study. This review will take into consideration many different aspects of the Client's business, including the types of products and services offered; types and sizes of locations utilized; total investment for establishing an outlet; and sales and earnings of the corporate entity, etc.

✓ Included

## **3.0 ON-SITE ANALYSIS**

A Spring Break LLC consultant may visit client's business in order to review its operational characteristics and recommend system alterations aimed at preparing the business for franchising. The Consultant will also identify operational elements of the business critical to the legal, operations, and marketing aspects of the franchise program. Based on our findings, we will review and recommend policies and procedures aimed at enhancing the franchise program. For Clients located outside of the Ohio region, to avoid travel expenses (as outlined in section 5B above), Spring Break LLC may conduct this analysis via a video walk-through instead of traveling to the Client's location.

✓ Included

## **4.0 FRANCHISE STRUCTURE**

Spring Break LLC will make recommendations relating to the critical business decisions that become the foundation of the franchise program and that are incorporated into the legal, operations, and marketing documents and strategies. These issues include policy formulation, market potential, speed of expansion, the franchise structure best suited to the Client's situation, and current company resources available to meet franchise goals.

### **4.1 Franchise Owner Profile**

✓ Included

The ability to identify specific characteristics of the target franchisee is essential to structuring a franchise program. Qualifications, such as financial resources, previous experience, and business skills, will be addressed, based on the needs of the Client.

### **4.2 Type of Franchise Offered**

✓ Included

A franchisor may offer individual franchises or Area Developer Franchises, or both; depending on such factors as unit investment, complexity of operation, cost and nature of support programs, and expansion goals. In addition, a franchisor may offer a start-up franchise or a conversion franchise (to a compatible existing business) or both. Spring Break LLC will recommend a franchise program designed to meet the Client's needs.

### **4.3 Determination of Territory**

✓ Included

Based on the nature of the Client's business, competition identified in the Competitive Analysis (section 2.0 above) and other factors, Spring Break LLC will suggest how the territory for each future franchisee is set.

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### **4.4 Franchise Support Programs**

✓ Included

Spring Break LLC will identify the type and scope of services to be provided to future franchisees. These services may include initial training, supervisory visits, site selection, and advertising support. Spring Break LLC may suggest vendors that provide such services or the Client can choose to provide such services on its own.

### **4.5 Internal Staffing**

✓ Included

Spring Break LLC will assess human resource needs for implementing the franchise program and

will determine how best to meet those needs, whether by expanding the roles of current employees or by creating new positions. Spring Break LLC will also review the Client's organization structure, assess its adaptability to franchising, and recommend changes, if necessary.

#### **4.6 Profit and Loss Review**

✓ Included

In order to improve Client's profit margin, Client agrees to provide an accurate Profit and Loss statement to Spring Break LLC. SB may provide a number of suggestions in order to improve the overall profitability of the Client's business. Based on this analysis, SB will make a recommendation to Client to whether or not disclose financials on the Client's Franchise Disclosure Document. As related to this analysis, if requested by SB, Client agrees to provide its most recent statement from its merchant services provider to SB. Spring Break LLC may work with its strategic partners in order to provide savings for merchant services to Client. In the event that SB or its strategic partners are able to obtain a less expensive alternative for Client, Client agrees to switch its merchant services provider to said alternative provider.

### **5.0 FRANCHISE REVENUE SOURCES**

✓ Included

SB will review the Client's revenue options and recommend appropriate revenue sources that may contribute to the Client's income and profits. Among the available revenue sources are the following:

#### **5.1 Initial Franchise Fees**

✓ Included

Franchise fees will be determined after weighing various factors, among them the marketability of the franchise at various price levels, competition from other business opportunities available to potential buyers, and the cash flow produced by the business. The recommended initial franchise fee will be structured in light of a number of factors, such as front-end selling expenses, advertising, commissions, training, site and start-up assistance costs, market needs, and other variables.

#### **5.2 Royalties**

✓ Included

Royalties will be recommended after a review of the Client's business and in light of the needs of franchisees, current industry practices and competition. They will be based on the need to maintain sufficient corporate cash flow, to support general and administrative costs and franchise services, and to provide ongoing income for the continuing operation of the franchise. Royalties are suggested such that they are affordable for franchisees.

#### **5.3 Advertising Fees**

✓ Included

Local, cooperative, and corporate advertising fees will be recommended after an evaluation of the amounts currently spent for advertising in operating units and the type of advertising needed at the unit level. Corporate advertising fees required of franchisees will be based on the need for finished advertisements in their various forms.

#### **5.4 Other**

✓ Included

Some franchisors derive income from other sources as well, including the sale of products and services, leasing of assets and real property, and financing. Spring Break LLC will assist the Client in determining which sources are appropriate and practical.

### **6.0 FRANCHISE DOCUMENTATION**

#### **6.1 Franchise Disclosure Document**

✓ Included

Spring Break LLC will refer a franchise attorney who will draft and submit to the Client for review and approval the Franchise Disclosure Document required by the Federal Trade Commission and state regulatory

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agencies. This document will contain required information, arranged in the format stipulated by U.F.D.D. guidelines. The costs associated with drafting and finalizing your Franchise Disclosure Document are included.

## 6.2 Individual Franchise Agreement

Included

Spring Break LLC will refer a franchise attorney who will draft and submit to the Client for review and approval the Franchise Agreement defining the contractual relationship between the franchisor and the franchisee, as required by the Federal Trade Commission and state regulatory agencies. The costs associated with drafting and finalizing your Franchise Agreement are included.

## 6.3 Area Developer Franchise Agreement

Included

Spring Break LLC will refer a franchise attorney who will draft and submit to the Client for review and approval the Area Development agreement, defining the contractual relationship between the franchisor and the Area Developer Franchisee, as required by the Federal Trade Commission and state regulatory agencies. The costs associated with drafting and finalizing your Area Development Agreement are included.

## 7.0 FRANCHISE REGISTRATIONS AND

Included as shown below

### FILINGS 7.1 State Registration

After the Client has approved the final drafts of the Franchise Agreement and the Disclosure Document, the franchise registration applications required by various state regulatory agencies are provided to you. Applications will be based on information provided by the Client and will be submitted to the Client for submission to the state regulatory agencies. Included in these applications are materials such as the Uniform Franchise Registration Application, Supplemental Information Form, Salesman Disclosure Form, Uniform Consent to Service of Process, and Corporate Acknowledgment and Certification Page, as well as copies of advertising materials and the Disclosure Document. The following states require additional filing fees and are not included. You can pursue with the necessary registration and pay the filing fees for each state at the time that you are ready to register the franchise in any of the states shown below. The rest of the states in the U.S are non-registration states.

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

### 7.2 SBA Franchise Directory

Included

Once the Client has approved all final drafts of the Franchise Disclosure Document and related agreements, Franchise Creator will submit the Franchise Disclosure Document, Franchise Agreement, and all other documents franchisor requires franchisees to sign to the U.S. Small Business Administration ("SBA") for an affiliation and eligibility determination to add the brand to the SBA Franchise Directory with the goal of having the brand become eligible for SBA financial assistance.

### MANUAL

Included

## 8.0 FRANCHISE OPERATIONS

Spring Break LLC provides the Client with the first draft of a comprehensive operations manual for your new franchise operation. This manual is intended to be provided by you to your new franchisees and includes details of how to start a business like yours from scratch and how to operate it. However Spring Break LLC will highlight sections of this manual that need to be completed by you with specific and proprietary information regarding the specific operation of your business. You agree to make such changes to the document. Spring Break LLC will fully review the Client's manual upon your completion.

## 9.0 ADVERTISING AND MARKETING SERVICES

### Plan

Included

### 9.1 Setup Advertising

Spring Break LLC will recommend to Client a plan for generating franchise sales leads. This plan, based on an understanding of the Client's expansion goals and the profile of the target franchise owner, will



recommend specific marketing/advertising activities. The Marketing Plan will incorporate specific media suggestions, specific Internet portals, a budget for the campaign, and a timetable for implementation. It will

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also contain useful information on topics such as franchise marketing, how to obtain publicity, and whether to conduct seminars and participate in trade shows.

Included

### **9.2 Franchise Brochure**

Spring Break LLC will design and develop a full-color brochure designed to describe the Client's franchise and to build enthusiasm among prospective franchisees. The brochure will describe in detail the distinctiveness of the concept, the benefits of the franchise program, and the market for its products and/or services. Client will be responsible for the printing of such brochures. In the event that the Client finds that the graphic design for such brochure is not in line with their branding guidelines, SB will provide the content for such brochure and will work with the Client's graphic designer in order to complete the design.

#### **Production**

Included

### **9.3 Marketing Video**

Spring Break LLC will produce a professionally created 2 to 4-minute video (or longer) which will present the Client's franchise offering to potential prospects. The video will become the property of the Client and can reside on the Client's website or YouTube® channel. Client agrees to provide an unlimited license to Spring Break LLC and its General Agent to use the video on their website, social media channels, Youtube, etc.

Included

### **9.4 Advertising Creative**

#### **Material**

Franchise Creator will work with client's graphic designer to appropriate creative materials—such as layout for franchise sales ads—that can be utilized in the franchise sales campaign. Copy for the ad will be developed within the context of Spring Break LLC's experience, with guidelines established by the Federal Trade Commission, and by various state regulatory agencies whose approval is required before any advertising materials can be used in connection with the offer of a franchise. Client's graphic designer is responsible in producing the ads.

### **9.5 Press Release** Included

Spring Break LLC will draft a press release to be used by the client for announcing the Client's new franchise opportunity to the public. The press release will highlight the business' history and strengths as well as allow prospective franchisees insight into the decision to purchase a franchise.

Included

## **10.0 WEBSITE DEVELOPMENT SERVICES**

Spring Break LLC will make recommendations for upgrades to client's existing website to make it friendlier for franchise offerings. The website is modified by client's web developer with input from Spring Break LLC and taking into consideration clients graphical choices. Spring Break LLC may also recommend functionalities tailored for franchisors such as franchise portals which allow franchisees to have access to a vault of information at all times or an Intranet service that allows franchisees to communicate with each other and the corporate.

## **11.0 FRANCHISE MARKETING TRAINING**

Spring Break LLC can train client and its employees in the following franchise related topics. All trainings are conducted at Spring Break LLC's offices in it's Cleveland, Lorain and/or Cincinnati, Ohio.

Included

### **11.1 Setting Achievable Goals**

The training will focus first on establishing realistic franchise sales goals based upon the company's overall budget, type of franchise and capacity for growth. It will also recommend marketing tactics for Clients whose growth becomes too rapid, thus allowing the company to temper franchise marketing activity while

adding to its capacity for franchise training and franchisee services.

Included  
**11.2 Media Analysis**

Clients will receive a tutorial on the use of a wide range of media in their long-range franchise marketing programs. Newspapers, magazines, radio, direct mail, trade shows and the Internet will be discussed and analyzed. Clients will learn how to evaluate these sources and the criteria for allocating their budget among them. Special emphasis will be given to Internet marketing, where a familiarity with search engines and pay-per-click options is of increasing importance in franchise marketing.

Included  
**11.3 Performance Evaluation**

This training will focus on results of the lead generation program, including the need for keeping accurate records of leads. Dollar cost averaging and other factors will be considered in evaluating the results of individual media, as well as how to make changes in the marketing plan based upon results obtained.

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Included  
**12.0 AUDITED FINANCIAL STATEMENTS SERVICES**

Spring Break LLC will provide the initial audited financial services as required by the Federal Trade Commission to be included in the Franchise Disclosure Document. The accounting audit services are provided by a certified CPA.

Included  
**13.0 FRANCHISE SALES SERVICES**

Client must select either section 13.1 or 13.2 below:

Included  
**13.1 Sales Handled by Franchise Creator**

All leads generated from either Spring Break LLC's website/resources and Client's website or advertising sources will be directed to Spring Break LLC exclusively. Such leads will be contacted by Spring Break's experienced sales staff by phone and email. Spring Break's franchise sales staff will follow through with each lead until closing. The closing is also handled by SB. Spring Break LLC will be entitled to a commission of Thirty Percent (30%) of the initial franchise fee as stated in the Client's FDD. For any multi-unit franchise sold, Spring Break LLC is entitled to Thirty Percent (30%) of the total initial franchise fees for all units committed by the Client's new Area Developer. In the event the Company decides to collect a discounted franchise fee from a franchisee or provides financing for its franchise fee, SB's compensation remains at Thirty Percent (30%) of the original non-discounted franchise fee as stated on the Company's Franchise Disclosure Document. In the event of a master franchise agreement, Company will pay SB a commission of Thirty Percent (30%) of all collected master franchise fees. Client is responsible for their own attorney fees, in the event that an attorney is required to draft addendums, etc., for each franchise sale. Commissions will be paid within 72 hours of the closing of each transaction.

Included

**13.2 Sales Handled by Client**

All leads generated from the Client's website or advertising resources are contacted by the Client and the Client fully handles the entire sales process. Spring Break LLC will handle the closing once the prospect is ready to sign the Franchise Agreement. Spring Break LLC will be entitled to a commission of Ten Percent (10%) of any and all initial franchise fees, as stated in the Client's FDD, for each franchise sold during the Franchise Sales Term. For any multi-unit franchise sold, Spring Break LLC is entitled to Ten Percent (10%) of the total initial franchise fees, as stated in the Client's FDD, for all units committed by the Client's new Area Developer. In the event the Company decides to collect a discounted franchise fee from a franchisee or waives the franchise fee or provides financing for its franchise fee, Spring Break LLC's compensation remains at Ten Percent (10%) of the original non-discounted franchise fee as stated on the Company's Franchise Disclosure Document (FDD). In the event of a master franchise agreement, Company will pay SB a commission of Ten Percent (10%) of all collected master franchise fees by Company. Client is responsible for their own attorney fees, in the event that an attorney is required to draft addendums, etc., for each franchise sale. Commissions will be paid within 72 hours of the closing of each transaction.

**Training**

**13.2.1 Franchise Sales**  Included

If the client selects to handle franchise sales (section 13.2 above), Spring Break LLC will train the management and the sales staff on the most effective sales methods from the moment a lead has arrived all the way through the closing. The training will also focus on the use of the Disclosure Document, prospect evaluation, initial presentation, effective closing techniques, lead follow-up procedures, state and federal legal requirements, franchise trade shows, seminar presentations and much more. Spring Break LLC will also recommend online and/or offline sales tools that can help in streamlining the sales process. Spring Break LLC will train the client's sales team regarding all legal implications concerning franchise sales.

**Webinar**

Included

**13.3 Franchise Sales**

Spring Break LLC will develop a presentation that can be presented to a prospect via an online webinar. This presentation is an important part of the franchise sales process. In the event that the Client finds that the graphic design for such webinar is not in line with their branding guidelines, SB will provide the content for such webinar and will work with the Client's graphic designer in order to complete the design.

**14.0 FRANCHISE TRAINING SERVICES**

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**14.1 Management Training Course**

Included

Spring Break LLC conducts a Franchise Management Training designed to educate the Client's management team on the complexities of operating and managing a growing franchise organization. This training covers topics that include:

**14.2 Building the Franchise Organization**

Included

This segment includes the key development issues that franchise companies need to address as they expand their business systems.

**14.3 Training Your Franchisees**

Included

Spring Break LLC trains the client on how to develop a training program for its new franchisees. It establishes the procedures for a franchisor to build a comprehensive training program for its new franchisees. It also encompasses relevant issues such as management and operation of the franchise business, preparation of products or services, personnel management, advertising, bookkeeping, use of trademarks, maintenance of trade secrets, legal obligations, customer relations, operational requirements and many other issues that may vary from business to business.

**14.4 Developing a National Advertising Campaign**

Included

This segment is one of the most critical and dynamic areas of any franchise organization. It discusses the importance of building an advertising program to assist franchisees in building their sales and in gaining market recognition and success. Spring Break LLC will recommend the level of advertising fund contribution by each franchisee.

**14.5 Franchisor Compliance**

Included

The success of any franchise program depends, to a great extent, on the effectiveness of its compliance program, where the legal, logistical and sales elements converge. This segment covers the necessary steps to understand and implement compliance issues.

**14.6 Franchisee Relations**

Included

The issues in this segment go beyond the technical obligations articulated in the Franchise Agreement. They address many of the ways in which the franchisor can create a positive, long-term

business relationship with its franchisees, which are essential to the success of the franchise.

**15.0 ON-GOING GENERAL  
CONSULTING SERVICES AND  
FRANCHISE MAINTENANCE**

**PROGRAM**  
 Included

For a period of twelve (12) months beginning from the day that the franchise is launched (measured from the day that the Franchise Training [as stated in section 14.0 above] is provided to Client) (“Franchise Maintenance Term”), Client may select to participate in the monthly franchise maintenance program offered by Spring Break LLC in order to ensure the Client’s franchise program stays relevant and up to date. If Client selects this program, Client pays a monthly fee of \$499 to participate in this franchise consulting and franchise maintenance program. Spring Break LLC provides the following items to the Client under this program:

- a. General franchise consulting. You can call us or email us with any questions regarding your franchise system at no extra cost.
- b. Annual FDD updates as required by the Federal Trade Commission. All updates are provided to Client for Client’s attorney’s review. FTC requires your Franchise Disclosure Document to be updated annually prior to April 30<sup>th</sup> of each year as long as we get the necessary information from you before March 1<sup>st</sup> of each year.
- c. Annual financial audit services as required by the Federal Trade Commission. This audited statement is required by FTC for the above FDD updates.
- d. Annual Franchise 500 submission to the Entrepreneur magazine to be considered for the top 500 ranking.
- e. Press release draft for franchises sold or new locations opened.
- f. On-going updates to the franchise sales webinar (section 13.3 above).
- g. Listing in the Spring Break LLC’s Franchise Finder Portal. Your franchise offering will be listed with a detail description of your franchise offering.

Franchise Maintenance Term is automatically renewed for a consecutive terms of 12 months unless terminated by either party with a 30 day written notice to the other party to be received before the end of each term.

10 Initial\_\_\_\_\_

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