

Item 2**BUSINESS EXPERIENCE****CHIEF EXECUTIVE OFFICER AND PRESIDENT, ED SAMANE**

Mr Samane has been our Chief Executive Officer and President since our incorporation on January 28, 2008. Since August 1997, Mr Samane has also held the position of President of Ed Samane Karate, Inc, and has owned and operated 5 other karate studios during the past 5 years.

DIRECTOR OF OPERATIONS, MARK H. DEHORATIUS

Mr DeHoratius has served as our Director of Operations since June 2012. From December 2008 to June 2012, Mr DeHoratius held various positions, including Food Service Director, General Manager, and District Manager, within Aramark Corp located in Philadelphia, Pennsylvania.

VICE PRESIDENT – BRAND SERVICES AND TRAINING, MARK DIMUZIO

Mr DiMuzio has served as our Vice President of Brand Services and Training since July 2012. From November 2010 to July 2012, Mr DiMuzio was Director of Sales and new Program Training for NutriSystems Inc, located in Fort Washington, Pennsylvania. From October 2009 through November 2010, Mr DiMuzio was the owner and operator of an AAMCO Transmission franchise located in Philadelphia, Pennsylvania. From April 2004 to October 2009, Mr DiMuzio was Vice president of Strategic Development for American Driveline-AAMCO Transmission, located in Horsham, Pennsylvania.

DIRECTOR OF FINANCE, HOWARD L. SOLOWAY

Mr Soloway has been our Director of Finance since our incorporation on January 28, 2008. Since 1996, Mr Soloway has also been Executive Vice President of the Delaware Valley Financial Group located in Philadelphia, Pennsylvania.

BRAND SERVICES MANAGER, MICHAL STOWE

Ms Stowe joined us as our Brand Services Manager in March of 2013. Prior to that time, Ms Stowe served as a Manager of Business Services for Great Clips, Inc, located in Minneapolis, Minnesota, from 2002 through February of 2013, where her territory was from North Carolina up to Toronto, Canada.

Item 3**LITIGATION**

No litigation is required to be disclosed in this Item.

Item 4**BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

SITE SELECTION AND OPENING

You must operate the Studio from an approved location. You must obtain our written approval of the Studio's proposed location in accordance with the Site Selection Addendum, which is Exhibit 1 to the Franchise Agreement, before signing any lease, sublease, or other document for the site. The Site Selection Addendum will specify a geographic area (the "Search Area"), which will generally be a Designated Market Area ("DMA"), in which you search for and identify a proposed location for your Studio. The Search Area is established solely for the purpose of defining the area and DMA within which you may look for a possible site for the Studio, and you will not receive any exclusive territorial rights for the Search Area. We may permit other franchisees to look for prospective sites within an area which is the same as or overlaps with your Search Area, and we may establish, or franchise others to establish, a Studio under the System within the Search Area. Once we approve a location to be the "Premises", we will determine the portion of the geographic area that will constitute the territory that will be granted as the "Exclusive Territory" under the Franchise Agreement for the Studio. Please see Item 12 for additional information regarding the Exclusive Territory and your rights in the Exclusive Territory.

As described in the Site Selection Addendum, we may assist you in your site selection by providing you and/or our vendor with our site selection guidelines and criteria, and sources to obtain demographic information related to the Exclusive Territory. Our advice and information may include a demographic analysis of the proposed Exclusive Territory. We will provide you with certain recommended or required specifications for your location. If we have completed any research on the market area that you are considering, we will provide you with this research for information and background purposes only. You should verify all information provided.

As discussed in Item 7 above, we will designate a vendor who will provide, for a fee paid to the vendor, certain site selection and lease negotiation assistance. You must use our designated vendor for these services.

We will use reasonable efforts to approve or disapprove the proposed site within 30 days after your request for our approval. We consider factors such as square footage, nearby commercial and residential development, traffic patterns, parking availability, competitive studios in the potential market or area, demographics, and the proximity of existing Studios in approving any given site. We and our designated suppliers will provide the assistance described above, but you must secure (by either by leasing or purchasing the location) an approved site within 270 days of signing the Franchise Agreement. Failure to do so and cure the default within 30 days may result in termination of your Franchise Agreement. Upon our approval of a site, and after you secure the site, we will insert its address into the Franchise Agreement, and it will be the Premises.

You must complete all preparations and open the Studio within the later of (a) 90 days of securing the Premises, or (b) 365 days of signing the Franchise Agreement. If you do not meet either deadline, you will be in default and we may terminate your Franchise Agreement. If you are opening a Studio pursuant to a Development Agreement, then you must open and commence all Studios within the Designated Marketing Area in a timely manner in accordance with your Development Schedule.

If we recommend or give you (or our designated vendor) information regarding the Exclusive Territory, or a site for the Premises, and if we approve a site, our advice, action, or information is not a representation or warranty of any kind, express or implied, of the site's suitability for a Studio or any other purpose. Our recommendation indicates only that we believe that the site meets our then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and

Provision	Section in Franchise Agreement	Summary
		for any competitive purpose, (c) employ or seek to employ any person who is at that time employed by us, our affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce this person to leave his or her employment
r Non-competition covenants after the franchise is terminated or expires	14 2	For a period of 2 years after the expiration and nonrenewal, transfer or termination of your franchise agreement, you may not (a) enter into any business competing in whole or in part with us in granting franchises or licenses to operate a business which offer health and fitness training, self-defense classes, martial arts training, and any other goods or services authorized or offered for sale by System franchisees at the time your franchise agreement is terminated or otherwise expires and is not renewed, (b) own, maintain, engage in, be employed by, or have any interest in any other businesses which offer health and fitness training, self-defense classes, martial arts training at the time of termination or expiration and nonrenewal, (1) at your Premises, (2) within your Territory, or (3) within a radius of 25 miles of the perimeter of (1) your Territory or (ii) any other Territory licensed by us as of the date of expiration or termination of your franchise agreement, (c) solicit the Studio's customers or contact any of our suppliers or vendors for any competitive business purpose, or (d) employ or seek to employ any person who is at that time employed by us or our affiliates or any other franchisees, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat
s Modification of the agreement	17 2	Your Franchise Agreement must not be modified without the consent of both you and us
t Integration/ merger clause	17 2	Only the terms of the Franchise Agreement are binding (subject to state law) Any other promises may not be enforceable Nothing in this or any related agreement, however, is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us
u Dispute resolution by arbitration or mediation	16 2 and 16 3	At our option, all disputes must be resolved first by mediation before the American Arbitration Association in Philadelphia, Pennsylvania, and, if mediation is not successful, then by litigation, except for claims involving the Marks or any other proprietary property, any lease or sublease of real property, your obligations upon termination or expiration of your Franchise Agreement, any claims pertaining to or arising out of any warranty issue, any of the restrictive covenants contained in this Agreement, or any claims to collect past due amounts owed to us or our affiliates
v Choice of forum	16 4	The United States District Court for the Eastern District of Pennsylvania, or any court of competent jurisdiction in Philadelphia, Pennsylvania (subject to state law)
w Choice of law	16 1	Pennsylvania, subject to applicable state law

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