

LOYALTY NETWORKING^(SM)

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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT - AREA REPRESENTATIVE

Loyalty Networking, LLC
780 Lynnhaven Parkway
Suite 240

Virginia Beach, VA 23452
(888) 268-0321

www.loyaltynetworking.com

We, Loyalty Networking, LLC d/b/a Loyalty Networking, offer a franchise opportunity to you as an Area Representative ("Area Representative"), to solicit, recruit and service franchises on our behalf, pursuant to an Area Representative agreement ("Area Representative Agreement" or "Agreement") for a specified territory as described in the Schedule A to the Area Representative Agreement ("Territory").

You may purchase this franchise. If you pay the initial non-refundable franchise fee for each territory you wish to purchase and You execute the Agreement for each Territory, you will receive 50% of the initial Chapter Leader Service Fees and royalties that we receive after the Effective Date of your Agreement from your Territory. The initial franchise fee is \$.00 to \$.50 per person in your Territory. The precise amount you pay per person will be negotiated based upon pertinent market factors as described below in Item 5. The minimum initial franchise fee that must be paid to us or our affiliates is \$0.00 per Territory. The total investment necessary to begin operation as a Loyalty Networking Area Representative is \$2,700 to \$356,900. This includes the initial franchise fee that you must pay to us.

The disclosure document summarizes certain provisions of your Area Representative Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

The terms of your Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your Agreement. Read all of your Agreement carefully. Show your Agreement to an advisor, such as a lawyer or accountant. Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date: July 12, 2019.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. **REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.**

Call the state franchise administrator listed in Exhibit E, for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following **RISK FACTORS** before you buy this franchise.

1. **THE AREA REPRESENTATIVE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN VIRGINIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH US IN VIRGINIA THAN IN YOUR OWN STATE.**
2. **THE AREA REPRESENTATIVE AGREEMENT STATES THAT VIRGINIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
3. **YOU AND WE AGREE TO WAIVE OUR RIGHTS TO A JURY TRIAL AND INSTEAD HAVE ANY LAWSUITS BETWEEN US DECIDED BY A JUDGE.**
4. **CONTINUATION OF YOUR RIGHTS TO BE AN AREA REPRESENTATIVE DEPENDS UPON YOUR ABILITY TO MEET THE MINIMUM SALES REQUIREMENTS WHICH YOU AND WE NEGOTIATE AND SPECIFY IN YOUR AREA REPRESENTATIVE AGREEMENT.**
5. **A SPOUSE NOT PARTY TO THE FRANCHISE AGREEMENT MAY BE REQUIRED TO GIVE A PERSONAL GUARANTY. BY SIGNING THE FRANCHISE AGREEMENT, A SPOUSE WILL BE JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THE SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS PLACES THE PERSONAL AND MARITAL ASSETS OF THE OWNERS AND THE OWNERS' SPOUSE AT RISK.**

THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us ("Franchise Broker"). You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	Pending
Florida (exemption)	
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Kentucky (one-time filing)	Pending
Maryland	Pending
Michigan	
Minnesota	Pending
Nebraska (one-time filing)	
New York	Pending
North Dakota	
Rhode Island	Pending
South Dakota	
Texas (one-time filing)	
Utah	
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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