

ASSET PURCHASE & SALE **AGREEMENT**

A. PARTIES

This agreement (“agreement”) is entered into this ___ day of July, 201_ by and between XXX LLC, a California limited liability company (“The LLC” or “buyer”) and YYY Inc. (“XXX” or “seller”), a California company. Buyer and seller will be referred to at times as “the parties.”

B. RECITALS AND SUMMARY

XXX owns the business assets and operates two _____ businesses located at.....

The LLC is purchasing, on a contingent basis, the assets of the businesses “free and clear,” including, but not limited to, license rights, equipment, furniture, supplies, personal property leases (to the degree desired by buyer and transferable) conditional use permits, business licenses (to the degree transferable), clientele contacts and contracts (to the degree desired by buyer), course and instructional materials (if applicable), staff and independent contractor relationships (to the degree desired), applicable intellectual property (if any), accounts receivable, telephone numbers and good will. Collectively, all items purchased shall be referred to herein as the “assets.” This agreement will also be referred to herein at times as “this transaction.” A copy of the licensing agreement is attached hereto as Exhibit “A” and incorporated herein by this reference.

Buyer may specifically decline in writing to purchase a portion of the assets described above prior to the conclusion of the Due Diligence period (see section D. below). This includes, but is not limited to, existing employee, client and independent contractor relationships, as well as the licenses.

Buyer is not offering to purchase any debt or legal obligation of seller, except as may be expressly agreed upon prior to closing.

C. PURCHASE & SALE; PRICE AND TERMS; CLOSING

Purchase & Sale:

Subject to the contingencies listed in section D., and other terms of this agreement, seller hereby sells and the LLC hereby purchases title of seller to the assets. Seller represents and warrants that except for the items attached hereto as Exhibit “B,” or as deposited in escrow as soon as possible after the escrow is opened, there are no encumbrances of any nature or kind on the assets and all rights of any nature thereto, and further, that seller is conveying full right and title to the assets and all rights of any nature

thereto to the LLC (devoid of any legal problems and with no claims and liens by other parties, private and governmental).

The LLC, in acquiring full right and title to the assets and all rights of any nature thereto, is free to utilize all such rights and title to the fullest extent permitted by law.

Price and Terms:

Subject to D. 2. and D. 6., below, the purchase price of the assets is _____ dollars (\$_____.00). All figures are in United States funds.

_____ dollars (\$_____.00) is due prior to closing, by certified, cashier's check or wire transfer or as otherwise directed by the buyer's lender and/or escrow holder (if deposited in escrow); to be paid at closing.

_____ dollars (\$_____.00) is payable as follows:

During at least the first eighteen months immediately following closing, buyer will make no interest monthly payments of \$_____.00. This period of time may be expanded to as long as the date of the expiration of the _____ lease, depending on circumstances as described in D. 2. below. These payments are due no later than the 10th of each month in which they are due. These payments will not be accelerated unless buyer becomes at least 2 monthly payments delinquent. There will be no pre-payment penalty. There is a 5% penalty added to any late payment.

Immediately thereafter, the remaining balance (\$_____ minus all payments made per the previous paragraph) is payable in co-equal monthly payments of \$_____ until the remaining balance, plus interest, is paid in full (the "note"). The note is payable with six percent (6%) simple interest, compounded annually. Upon the timely receipt of all such monthly payments, the note (and the purchase price of the transaction) will be paid in full. These payments are due no later than the 10th of each month in which they are due. The note will not be accelerated unless buyer becomes at least 2 monthly payments delinquent. There will be no pre-payment penalty. There is a 5% penalty added to any late payment.

A promissory note template in accordance with this agreement, is attached hereto and incorporated herein by this reference.

The purchase price of the assets increases by _____ dollars (\$_____.00) upon the occurrence of certain events as described in D. 2. below. In the event the purchase price increases, the additional sum will be added to the note principal due at that time, payable at the same interest rate and monthly payment until the entire principal amount is paid.

Buyer will deposit the sum of _____ dollars (\$_____.00) as “earnest money” upon buyer’s entry into a legally binding agreement with the lessor of the businesses premises (“lessor”) to lease the two premises on terms agreeable to buyer (should this transaction close). The earnest money is refundable, minus escrow expenses, if this transaction does not close and refundable in full to buyer if this transaction closes.

The earnest money shall be deposited at ZZZ (“escrow holder”), _____ (address). Executed escrow instructions (prepared by buyer and reasonably acceptable to the parties and the escrow holder) shall be deposited in escrow within seven (7) days after the signing of this Agreement. Buyer will supply contact information to seller for ZZZ upon the signing of this Agreement.

Closing:

This transaction is subject to the California Uniform Commercial Code – Bulk Sales statutes (“Bulk Sales Act”). The aforementioned escrow instructions will include creditor notice, publication, payment and other salient provisions in accordance with the Bulk Sales Act. Seller will deposit the required information for buyer’s use under section 6104 of the Bulk Sales Act. The provisions and requirements of the Bulk Sales Act are all material terms of this agreement and are incorporated by reference herein and included herewith as Exhibit “C” for ease of reference.

Tax clearance certificates, e.g. Franchise Tax Board and Board of Equalization, to the extent required, will also be filed in escrow prior to closing. Sales tax, if any, and any other tax due from the purchase of the assets will be paid out of the escrowed purchase price. All new membership fees and monthly fees received during the Due Diligence period not used in the ordinary course of the business shall be retained in the seller’s checking accounts and transferred directly to buyer upon closing.

This transaction shall close the next business day after written notice of the release of all contingencies listed in D. below is received by Seller (“Closing” or “Closing Date”). The “Due Diligence period” shall not exceed sixty (60) days from the date first written above unless more time is needed to complete all aspects of the bulk sales portion of this agreement, any other governmental clearance or approval and/or anything related to the franchise (and as contained in the escrow instructions).

D. CONTINGENCIES; DUE DILIGENCE

Contingencies:

1. This Agreement is contingent upon buyer securing necessary funding to purchase the assets prior to closing. Buyer’s lender will likely determine the method of payment, into escrow, directly to seller or as otherwise reasonably arranged by the parties.

2. Subject to, and as further described in section C., Price and Terms (above), this Agreement is contingent upon buyer working out a rental/lease/sub-lease arrangement with lessor and/or seller (as defined in C. above and within section K. below) for the _____ premises of the businesses. Any such agreement(s) will be binding upon buyer only if this transaction closes and shall be deposited with the escrow holder prior to closing. The terms of any such agreement(s) are as reasonably acceptable to buyer.

In the case of the _____ premises (current lease expires in about 3 years), buyer must enter into a lease or sub-lease for the premises prior to the expiration of the lease for the additional \$_____.00 to the purchase price to apply. The lease or sublease terms shall be reasonable, at least 10 years and no more than \$1.75 per foot. If the _____ lease expires, buyer may transfer any and all assets therein located to the _____ location. If buyer enters into a lease or sub-lease agreement for the _____ premises prior to the expiration of the current lease, the note shall be adjusted to take into account these changes.

3. This Agreement is contingent upon the transfer of, or assurance of transfer of, license agreement(s), any conditional use permits (“CUPs”) and all other governmental licenses and permits for the businesses. All such transfer or assurances (or waiver of same by buyer) shall be deposited with the escrow holder prior to closing. It is understood that the CUPs are “site specific” and do not apply or transfer to any other locations (reducing their value to buyer significantly).

4. This Agreement is contingent upon the placement in escrow of a notice from buyer releasing all contingencies and a final list of assets included in this transaction prior to closing.

5. This Agreement is contingent upon the placement in escrow of a notice from buyer stating that the Due Diligence effort has resulted, within the necessary time frame, in buyer’s satisfaction with all disclosed information and material, and with any necessary adjustments to this agreement resulting therefrom.

6. This Agreement is contingent upon proof from seller that the purchase price is fair and supported by the value of the assets. Such proof is to be provided to buyer during the Due Diligence period. The parties agree to bargain in good faith to reduce the purchase price of the assets if the purchase price above is not supported by proof supplied by seller during the Due Diligence period and/or if buyer decides not to include enough of the assets, thereby warranting a price reduction.

7. This Agreement is contingent upon the payment of all required fees, transfer fees taxes, costs of escrow and any other payment or amount due to any third party out of the purchase price.

Due Diligence:

a. Seller shall supply, without limitation (except as to reasonableness) copies of, or access to (as the case may be), all documents, materials and information necessary for buyer to confirm the details of this transaction. This requirement applies to the seller and all its relevant agents and associates possessing any such information.

b. Buyer will utilize the Due Diligence period to investigate all factors it considers relevant, in relation to the assets and the conduct of the businesses.

E. RESPONSIBILITIES OF THE PARTIES

The parties agree to complete all required steps toward a possible conclusion of this proposed transaction in a good faith, timely manner.

The parties agree to hold, protect and preserve all materials and information received in the course of the Due Diligence period. All such material and information is strictly confidential and for the private use of the parties only, to be viewed and utilized only by the parties and their respective professional advisors.

If this transaction does not close, the parties agree to expeditiously return all materials and information received by them from the other party.

F. MUTUAL RELEASE

The parties acknowledge an independent contractor relationship between seller and the buyer's manager, _____ ("Mr. _____"), existing prior to the close of this transaction. Upon the closing of this transaction, the parties agree to release the other from any claim of damage or damage arising out of the time in which Mr. _____ was an independent contractor of seller.

1. General, Mutual Release; Non-Admission of Liability

This Mutual General Release shall not in any way be construed as an admission that either party has acted wrongfully with respect to the other party or any other person, and both parties specifically disclaim any liability to or wrongful acts against the other party or any other person, on the part of himself, itself and their respective employees or agents, if any. In fact, the parties are not aware of having done anything to harm the interests of the other party.

2. Complete Release by Both Parties.

(a) Except as herein otherwise agreed, each party hereby irrevocably and unconditionally releases, acquits and forever discharges the other and each of their present and former agents, directors, officers, employees, representatives, attorneys, spouses, other family members and anyone associated with the other having anything to do with the relationship of the parties, and all persons acting by, through, under or in concert with any of them from any and all charges, complaints, claims, liabilities,

obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, including, but not limited to, rights arising out of alleged violations of any contracts, express or implied, any covenant of good faith and fair dealing, express or implied, or any tort, or any federal, state or other governmental statute, regulation, or ordinance. This paragraph shall have no applicability to Claims, if any, based totally on events occurring after the date of closing of this Agreement nor affect any rights or obligations arising from this Agreement.

(b) Except as herein otherwise agreed, each party hereby irrevocably and unconditionally releases, acquits and forever discharges the other from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected as of the date of the execution of this Agreement, by reason of any act or omission concerning any matter, cause, or thing.

3. Knowing and Voluntary Waiver by the Parties

The parties expressly waive and relinquish all rights and benefits afforded by Section 1542 of the Civil Code of the State of California, and do so understanding and acknowledging the significance of such specific waiver of Section 1542. Section 1542 of the Civil Code of the State of California states as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Thus, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release, the parties expressly acknowledge that this Mutual General Release is intended to include in its effect, without limitation, all claims which the parties do not know or suspect to exist at the time of execution hereof, and that this Mutual General Release contemplates the extinguishment of any such claim or claims and any right to sue regarding any such claim or claims (except for uncured breaches of this Agreement occurring after the date first written above).

G. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants that it is a company in good standing in the state of California and has the legal right and authority, including all necessary approvals from its members, to enter into and conclude this transaction.

Buyer represents and warrants that upon the receipt of all due diligence materials from seller it will conduct its due diligence review in a timely and good faith manner.

Buyer represents and warrants that it will use its best efforts in a timely fashion to secure necessary funding for this proposed transaction and to the extent necessary to arrive at an understanding with all third parties regarding necessary permits, licenses, leases, franchise agreements and other pertinent matters.

Buyer represents and warrants that it knows of no reason (economic, legal or otherwise) why it should not enter into this Agreement.

Buyer agrees to provide a comprehensive list of assets being purchased in this transaction and deposit the list in escrow prior to closing. General categories such as, but not limited to, "all supplies" may be used when practical. Any assets not on the list remain the property and responsibility of seller.

Buyer agrees to comply with all applicable provisions of the Bulk Sales Act.

Buyer will commission a UCC search and deposit the results in escrow prior to closing.

H. FURTHER REPRESENTATIONS AND WARRANTIES OF SELLER

Seller agrees to maintain its normal operations, including, but not limited to, maintaining current levels of membership sales prices, during the pendency of this transaction and further agrees that it will sign no other agreement for the purchase or other disposition of the assets during the Due Diligence period.

Upon reasonable notice, seller agrees to supply reasonable access, during regular business hours to buyer during the Due Diligence period to all of its usual and normal business records for its operations during the three (3) years immediately prior to the date of this Agreement. Usual and normal business records include, but are not limited to (in the possession of seller and any agents and professionals), all books and records of seller, all general ledgers, bookkeeping records, audit and accounting work papers and notes, financial statements, worksheets, spreadsheets, budgets, projections, price lists, client lists, employee, client and independent contractor agreement, contracts and files, advertising and promotional materials, bank records and statements, business licenses, franchise agreements, real and personal property leases, conditional use and other permits, professional or trade licenses, tax returns, third party creditor and supplier files; correspondence with third parties regarding business and/or legal matters of seller; equipment sale, lease, maintenance and repair records; in sum, any information of a material nature in assisting buyer in determining whether to move forward with this transaction and to determine what assets to purchase.

Seller represents and warrants that it will supply buyer with all relevant due diligence materials in a complete, timely and good faith manner. Seller represents and warrants that it will reveal (during the Due Diligence period) all debts and legal obligations owed to anyone or anything regarding seller and the businesses and the assets,

as well as any pending or threatened claims or legal actions, including compliance with all applicable provisions of the Bulk Sales Act.

Seller represents and warrants that seller has operated and is operating the businesses in accordance with all applicable laws and regulations and that any required franchise agreements, licenses and permits are currently in force and fully transferable (to the best of seller's knowledge) to Buyer.

Seller represents and warrants that it has the legal right to enter into this transaction and to do so will not infringe upon the rights of any other person or entity, and further that there are no outstanding lawsuits or claims against it or pending (to its knowledge) regarding the businesses and the assets.

Seller represents and warrants that it will take no conscious actions (or omissions) that will intentionally devalue the assets, the premises and the businesses. Seller agrees to defend and protect the assets, premises and businesses against damage, theft, misappropriation and other forms of abusive or illegal use or activity by seller or others until this transaction closes.

Seller will deliver actual possession of all assets and businesses purchased by seller.

Subject to buyer's agreements with lessor, seller will deliver actual possession of the businesses premises upon closing.

Except as disclosed by seller to buyer in writing during the Due Diligence period, all assets of seller are undamaged and serviceable for normal use in the businesses, and except for reasonable wear and tear, will remain in such condition until closing. Any asset damaged during the Due Diligence period shall be repaired or replaced, as circumstances warrant.

Seller agrees to act as a liaison (up to 5 hours per week), for a period of six (6) months from the date of closing, to introduce buyer and help acclimate buyer to any relationships in place with third parties in the operation of the businesses. These relationships include, but are not limited to, companies providing services and products, lessor relationships (businesses premises, equipment and other personal property), franchise relationships and the City of _____.

Assuming the closing of this transaction, seller agrees to vacate the businesses premises (along with any personal property not included in buyer's asset list) in an orderly and timely fashion, with no damage to the premises and contents. Seller shall deliver possession of the assets, businesses and premises in a clean, functional and serviceable condition. Seller shall send a notice of transfer of ownership of the businesses to the membership at closing. The form of such notice shall be deposited in escrow and reasonably approved by buyer prior to closing.

I. CONFIDENTIALITY

Seller and buyer represent and warrant that they will hold this Agreement in confidence and in accordance with the following:

a. The provisions of this Agreement are confidential and private and are not to be disclosed to outside parties (except on a reasonable need to know basis only) without the written and express, advance consent of all parties hereto.

b. Buyer agrees and acknowledges that in its association with seller under this Agreement (and prior to), it may come into, or has such, possession or knowledge of confidential and/or proprietary information. Such confidential and/or proprietary information includes, but is not limited to: information regarding agents, contractors, employees and all affiliates of which seller possesses an ownership interest of ten percent (10%) or greater; corporate and/or financial information and records of or any client, customer or associate of seller; customer information; client information; shareholder information; business contacts; investor leads and contacts; employee information; franchisor contacts, documents regarding seller's website (if seller has a website) and any product, business plan or presentation materials of seller.

Seller and buyer represent and warrant to each other that they will not divulge confidential, proprietary information of seller or any of its subsidiaries (and of buyer as material is deposited in escrow) to anyone or anything without the written and express, advance consent of the parties during the Due Diligence period, and after.

J. FORCE MAJEURE

The parties are not responsible for any delay or financial loss regarding this Agreement caused by any unforeseen event(s), act(s) or omission(s) of others not within their control, including, but not limited to, labor stoppages or strikes, lack of access to locations, equipment or facilities, interruption or cessation of any public services or utilities, inclement weather, natural disasters, riots or civil disturbances, terrorism or harassment, acts of war or aggression, sickness, injury, death, incapacity, contractual disputes and adverse economic conditions.

K. ASSET PURCHASE AGREEMENT

The parties entered into an Asset Purchase Agreement dated on or about March 12, _____. Said agreement is attached hereto as Exhibit "D" and incorporated herein by this reference as if fully set forth herein. If there is any discrepancy or difference in the terms of the Asset Purchase Agreement and this agreement, this agreement controls.

L. MISCELLANEOUS LEGAL CONSIDERATIONS

1. Modifications and Amendments. The terms and conditions of this agreement may be amended at any time and from time to time, in whole and in part, upon written agreement signed by a duly authorized representative of the buyer and seller.

2. Expenses. Each party shall bear its own respective costs, fees and expenses associated with entering into and executing its duties under this agreement.

3. Indemnification. Each party, if an offending party, agrees to indemnify and hold harmless the other party from any claim of damage of any party or non-party arising out of any act or omission of the offending party arising from this agreement.

4. Notices. Any notice, request, proposal, statement or other communication required or permitted to be given hereunder shall be in writing and shall be deemed given when personally delivered or confirmed by facsimile or five (5) days after mailed by certified mail, postage prepaid, to the parties at their respective addresses first set forth above or to such other address of which a party shall have theretofore notified the other by a notice given in accordance with this Paragraph 4., together with a courtesy copy to the receiving party's counsel, as follows:

If to the Buyer:

And to Buyer's Attorney:
Pete Wilke, Esq.

If to Seller:

And to Seller's Attorney:
Law Offices of _____

5. Breach. In the event of a breach of this agreement, the breaching party shall be notified by the other party by written notice within ten (10) days of reasonable discovery of the breach. The breach shall be cured within fifteen (15) days of written notice. If the breach is not cured within this period, the non-breaching party may take appropriate legal action consistent with the terms of this agreement.

6. Assignment. The provisions of this agreement shall be binding upon and inure to the benefit of the buyer and seller and their respective successors, assigns and personal representatives. If the buyer and/or seller shall at any time be merged or consolidated into

or with any other corporation or the company's capital ownership units or substantially all of its assets are transferred to another entity, the provisions of this agreement shall be binding upon and inure to the benefit of the buyer or the seller (as the case may be) and the entity resulting from such merger or consolidation or to which such capital ownership units or assets shall be transferred, and this provision shall apply in the event of any subsequent merger, consolidation or transfer.

7. Entire Agreement. This agreement is the full and complete, integrated agreement of the parties, superseding all previous written and/or oral agreements and representations between the parties, and is amendable only as provided for above. This agreement shall be interpreted as if the parties participated equally in its drafting.

8. Governing Law. This agreement shall be governed by the laws of the State of California applicable to contracts made to be performed entirely therein, and each party agrees to submit to the personal jurisdiction of any Court of competent jurisdiction and venue in Los Angeles County and to all the rules and orders of such Court, and the laws of the State of California.

9. Waiver. Any waiver by either party of any provision of this agreement or any right hereunder shall not be deemed a continuing waiver and shall not prevent or stop such party from thereafter enforcing such provision, and the failure of either party to insist in any one or more instances upon the strict performance of any of the provisions of this Agreement by the other party shall not be construed as a waiver or relinquishment for the future performance of any such term or provision, but the same shall continue in full force and effect.

10. Enforcement. If the parties cannot settle any dispute arising out of or relating to this Agreement, or the breach thereof, in a reasonable and timely fashion, and a mediation session has failed, either party may file for binding arbitration within Los Angeles County, California. Arbitration shall be governed by the rules of ADR Services, Inc. and judgment upon the award may be entered in any Court within Los Angeles County having jurisdiction thereof. However, the parties agree to reserve the right to obtain a preliminary injunction from a court of competent jurisdiction if necessary in the event of a material breach arising from this agreement.

11. Headings. The headings in this agreement are solely for convenience of reference and shall not affect its interpretation.

12. Possible Invalidity. In case any provision of this agreement should be held to be contrary to, or invalid under, the law of any state or other jurisdiction in which enforcement is sought or challenged, such illegality or invalidity shall not affect in any way any of the other provisions hereof, this Agreement in such event to be construed as though the offending provision had been deleted or modified in such a manner as to make it enforceable to the maximum extent possible to reflect the parties' intent hereunder, and all of the provisions hereof nevertheless shall continue unmodified and in full force and effect in any state or other jurisdiction.

13. Counterparts. This agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement. Facsimile signatures shall be considered as valid and binding as original signatures.

14. Independent Covenants: Each of the respective rights and obligations of the parties hereunder shall be deemed independent and may be enforced independently irrespective of any of the other rights and obligations set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed (before a Notary Public) this agreement, consisting of twelve (12) pages, on the date first written above.

XXX LLC

By: _____, Manager

_____, President and
CEO, YYY, Inc.

(individual's name)
(as to **F. Mutual Release** only)