WELCOME TO CLUBREADY!

This document will help answer questions you have regarding billing, chargebacks, past due communications, and the fees associated with the use of the software and services.

THE REMIT PROCESS

The Remit Process describes how money travels from the End User's bank account to your designated bank account through the ClubReady System. When you load an End User Agreement into the ClubReady System, a billing schedule is automatically generated. On predetermined dates each month, ClubReady's payment processor will ping the End User's bank seeking payment. When a payment is received, ClubReady tracks the payment in your club's remit report, which covers a specific remit period (a "Remit Cycle"). At the end of a Remit Cycle, ClubReady will calculate your remits. If remits during a specific Remit Cycle are insufficient to cover our Subscription Fees, or any other amounts permitted to be withheld under the Agreement, then your account will reflect a "negative accrual." ClubReady will charge you a negative accrual fee for each instance of delinquency. If we are unable to collect our Subscription Fee, or any other amounts permitted to be withheld under the Agreement, during the current Remit Cycle, we will roll the fee balance over to the next Remit Cycle and attempt to re-collect then. If a negative accrual persists, we may continue to roll the fee balance over to subsequent Remit Cycles, or we may choose to invoice you for the balance owed, including any negative accrual fees, and you will be expected to pay the invoice in full within ten (10) days after receipt. ClubReady reserve the right to pull outstanding Subscription Fees, or any other amounts permitted to be withheld under the Agreement, from any account owned or controlled by you in the ClubReady System with an available balance; you expressly consent to these actions being taken.

CALCULATION OF REMITS

Remits are paid on your "Net Receipts," which equal the total amount of payments made under End User Agreements, less (a) reversals, chargebacks, refunds or other credits against payments collected; (b) our Subscription Fees; (c) any service or late charges, early termination fees, or other amount due to ClubReady, or any ClubReady subsidiary or affiliate, under the Agreement; and (d) any royalties, franchise charges or franchise fees owed under a separate franchise agreement, or similar contract.

THE REMIT CYCLE

Your Remit Cycle is described below. We are not responsible for any delay in the Remit Cycle due to weekends, holidays or situations beyond our control.

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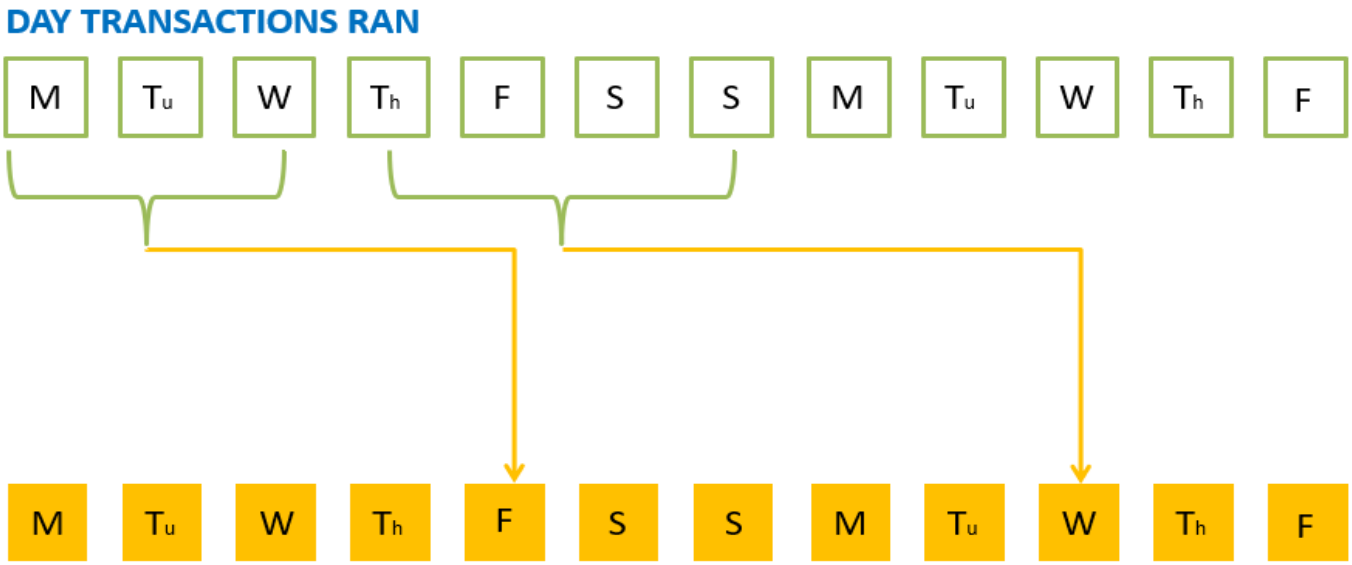
TWO x WEEK DEPOSITS – PREMIUM 2

ALL TRANSACTIONS

DEPOSIT FREQUENCY VS DAY TRANSACTIONS RAN



DAY TRANSACTIONS POSTED TO YOUR BANK ACCOUNT

Requirements:

- Exception is end of month where we continue as-is with split remits

***BANK HOLIDAYS: DEPOSIT WILL BE THE NEXT BANK BUSINESS DAY, UNLESS THE HOLIDAY FALLS ON MONDAY (THESE WILL BE FOR WEDNESDAY DEPOSIT)**

THE CHARGEBACK PROCESS

As a Fully-Managed Subscriber, our team is here to help you understand the chargeback process and "work chargebacks" on your behalf. This means that we will investigate the reason for chargebacks at your club, gather the relevant information, and present your case as we try to reclaim any disputed funds on your behalf.

WHAT IS A CHARGEBACK?

A "chargeback" is a disputed charge on a credit card. The member is basically saying: "I'm not going to take responsibility for paying this charge on my card because I don't think it's valid." The formal process associated with figuring out whether a charge is valid or invalid *is* the "chargeback process."

HOW DOES THE CHARGEBACK PROCESS WORK?

The process begins when your member, the cardholder, "files a chargeback" – this means the cardholder notifies his or her bank of a transaction alleged to be in error. The cardholder's bank (called the "issuing bank") usually has its own internal process for pre-screening a disputed charge, and, if the

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issuing bank finds the charge to be valid, the cardholder will be charged. Typically, a processing fee is added. If, however, the issuing bank finds sufficient evidence to support the cardholder's claim, it will open a file, notify the merchant's bank of its findings, and temporarily re-credit any disputed funds to the cardholder's account pending the outcome of the dispute. The merchant bank will then do its own investigation. As part of this process, the merchant bank may collect evidence in support of a disputed charge. Where the merchant bank deems the evidence collected as sufficient, it will present its findings, and the proof, to the issuing bank. If the issuing bank approves the merchant bank's findings, the cardholder loses and he or she will be liable for the charges and any associated fees. If, however, the issuing bank disagrees with the merchant bank's findings, then the cardholder wins and the recredited amounts will stick – the cardholder will not be liable for the charges.

WHY IS CLUBREADY INVOLVED?

If you're a Fully-Managed Subscriber to ClubReady, then we (ClubReady) own and control the primary merchant account; you are the sub-merchant on the account. For purposes of the process described above, ClubReady would be considered "the merchant" and our third-party payment processing company would be considered the "merchant bank." It's our payment processing company that decides chargeback outcomes on the merchant side,and communicates with the cardholder's issuing bank. ClubReady is involved because we, as the de facto merchant, fight the chargeback on your behalf. This is part of our billing service to you: we take the burdensome task of fighting chargebacks off your plate. Specifically, we gather the evidence and make your case to our payment processor who, in turn, presents your defense to the cardholder's issuing bank.

HOW AM I MADE AWARE OF CHARGEBACKS IN THE CLUBREADY SYSTEM?

Every morning, we at ClubReady get a "Chargeback Report" from our third-party payment processing company showing all funds returned to members due to chargebacks. We immediately load this Chargeback Report to the system, and our proprietary technology automatically takes that information and tags the appropriate members or clients with a chargeback debit (they would see it in their account as a "past due amount"), and the appropriate late fees and/or returned item fees are added. Flagging invoices in this way helps both of us keep track of chargebacks. You can always access your Chargeback Report under Reports > Sales > Refunds/Returns Report.

HOW LONG DOES IT TAKE TO RESOLVE A CHARGEBACK?

Resolution of chargeback disputes can take anywhere from six weeks to six months. We generally see chargeback disputes resolved in about 45 to 60 days. This is a complex process that involves multiple parties; it's not something that resolves quickly.

I WON A CHARGEBACK, WHY WASN'T THE $25 CHARGEBACK FEE CREDITED TO MY ACCOUNT?

Unfortunately, even in the instance where you win a chargeback, you're still liable for the $25 chargeback fee. However, when a chargeback is posted as "won," the ClubReady System will automatically generate a $25 "return-item fee" invoices on the End User's account; and, if and when the End User pays the $25 fee, you are made whole for the chargeback fee charged as part of the Chargeback Process.

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WHAT ARE SOME OF THE MOST COMMON REASONS FOR CHARGEBACKS?

Chargeback disputes are usually given an identifying code. Some of the more common codes include:

- **Cancelled recurring transaction.** About half of chargeback disputes that we fight are coded this way. Unfortunately, the "cancelled recurring transaction" code is also one of the most difficult to win. Here, the member tells the issuing bank that they've properly cancelled their membership/services and should not have continued to get billed.

- **Non-Receipt of Merchandise.** With this code, the member claims he or she has not received the services as expected. "Not receiving services as expected" could mean a lot of things, from a change in hours of operation to dissatisfaction with personal training services.

- **Fraud – Card Not Present.** This code often results where the member is charged for services on a recurring dues basis. If the member has given his or her authorization to charge a particular card a particular amount each month, if the card or amount differ from the authorization, it could give rise to this chargeback code.

- **Credit Not Processed.** Here the member is claiming that he or she worked out a dispute with the gym, and was promised a refund, but no refund or credit was ever processed. In the context of a walk-down, this code may result where the member should have been charged a lesser amount, per an agreement with the gym or service provider, but was charged the original amount.

WOULD CLUBREADY EVER BE LIABLE FOR CHARGEBACKS ON MY ACCOUNT?

Although ClubReady holds the primary merchant account and may be involved in the process of fighting your chargebacks, as a Fully-Managed Subscriber, you are ultimately responsible for any liability associated with your members' or clients' chargebacks. Per the terms of our agreement with you, ClubReady has a right to deduct any chargeback liabilities from your club's remits in being made whole.

IS THERE ANYTHING I CAN DO TO BETTER MY CHANCES OF WINNING?

Glad you asked. Yes, there absolutely is. Keep in mind, our ability to defend you in a chargeback dispute will only be as good as the evidence we can present. And gathering that evidence starts at the club level. What we need, more than anything, is documentation which tends to prove the legitimacy of a charge. This could include:

- A signed and dated Membership Agreement, or PT Agreement, showing the cardholder as the "Buyer."
- A written notice of cancellation, signed and dated by the cardholder, detailing the reasons for cancellation.
- A checklist signed and dated by the cardholder showing receipt of legal agreements, or acknowledgement of key provisions.
- Email correspondence between you and the cardholder regarding the substance of the disputed transaction.
- The cardholder's check-in history or PT session bookings log.

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- Any notes in the system as it relates to a disputed transaction.

In addition, here are a few more best practices you can follow:

- The more you can resolve through customer service channels, the less likely it will be that you get hit with chargebacks. Take the time to properly train your customer service teams.
- Be thorough and complete in your approach to getting agreements signed. Make sure names are correct, payment terms are correct, and cancellation policies are clearly stated and adequately explained.
- Make sure the name on the credit card used by your member or client to pay for services matches the name on the agreement, whether as the "member" or the "buyer."
- If you change your business practices in a way that materially changes your products or services, you should notify all members in advance of the change and, in some cases, get signed agreement modifications or new agreements altogether.
- Don't load pictures (i.e., .jpg) of contracts to the system. What we need is the actual signed agreement as a PDF document. Please make sure that all documents are loaded to the ClubReady System in PDF format and tied to the correct member account.
- Please make sure all documentation is legible, and that there are no blank spaces in contracts.
- If you're in a chargeback dispute, please respond to all requests for more information as quickly as possible. A delay could result in a missed deadline, and a lost chargeback.
- Make sure all supporting documentation is loaded into the member's agreements page.

IS THERE SUCH THING AS A CHARGEBACK APPEAL?

Yes, but it can be expensive (especially if you lose). The major card issuers – Visa, Mastercard, American Express – all have a formal appeals process. The appeal filing fee is generally charged to the party losing the appeal, along with the disputed chargeback amount.

HOW CAN I REACH CLUBREADY ABOUT QUESTIONS RELATED TO CHARGEBACKS?

Email us questions at chargebackinquiries@clubready.com, or call us at support at 1(800) 405-4818.

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FIT BODY BOOT CAMP FEE SCHEDULE

PAYMENT PROCESSING**	
TRANSACTION FEES	**Card Present (Swipe):** 2.3% **Card Not Present (Recurring / Draft / On File / Keyed In):** 2.6% **American Express (All Transaction Types):** 2.8% **Discover (All Transaction Types):** 2.8%
PAST DUE COMMUNICATIONS	**NA. If you would like to inquire about back office services, please contact Melissa Knowles with Gym HQ /** mknowles@clubready.com

****ClubReady is in the process of integrating a new fee structure. The pricing you see on this document is part of that structure. Until that integration is complete, your transaction rates charged will be limited to: Up Front (POS) 2.6% / UP Front (Swipe) 2.3% / Recurring Billing (Draft): 2.6%.

FEE DESCRIPTION	FEE AMOUNT	FEE DETAIL
ACH SERVICE FEE	**$6.95** per month	This is an administrative fee for processing, emailing and publishing your remits.
CHARGEBACK FEE	**$25** per chargeback	Fee applies where End User disputes a charge they've made to Subscriber. The issuing bank assesses ClubReady a chargeback fee that we, in turn, must pass on to the Subscriber.
CREDIT CARD INQUIRY FEE	**$15** per inquiry	Fee applies where End User's bank requests documentation from ClubReady to support a credit card charge. This fee is an administrative charge to help cover ClubReady's expenses associated with complying with the request.
RETURN ITEM FEE	**$15** per occurrence / ACH return	Fee applies whenever an electronic payment is returned, rejected or declined. Fee is collected directly from the End-User, not Subscriber.
CREDIT CARD UPDATER FEE	**$0.99** per card updated	Fee applies when a customer credit card number or expiration date is successfully obtained from the customer's bank and updated within ClubReady.
PCI FEE	**$14.95** Per month, per location	This is a fee we charge to help cover the cost of Trustwave™, a third-party service we use to help make sure PCI compliance standards are met. "PCI compliance" deals with the internal and external safeguards taken by a company to protect against data theft and other forms of fraud related to consumer credit card transactions. PCI compliance is required by our processing bank and all of the major credit card companies.
EMV COMPLIANCE FEE (PENDING)	**$17.95** per month, per location	We might charge this fee in any month where you are not using an "EMV-compliant" card reading termination. "EMV" stands for Europay-MasterCard-Visa, and "EMV compliance" means you're using a payment processing machine that has chip capabilities in addition to the standard swiped-card method. The chip reading terminals have some additional security features and protections built into them.
Negative Accrual Fee	**$100** per instance	This fee applies to Fully-Managed Subscribers when there are insufficient funds in the designated account to cover existing liabilities in a specific Remit Cycle

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FEE DESCRIPTION	FEE AMOUNT	FEE DETAIL
FBBC Software Reimbursement	**$300**	Billed on the 10th of the month
FBBC Royalty Fee	***Please contact updates@fitbodybootcamp.com for rate information***	Billed on the 17th of the month
FBBC Marketing Fund	**$500**	Billed on the 1st of the month

ADDITIONAL FAQs

When does fee start?
Your monthly FBBC Software Reimbursement will begin as of January 2019.

When does the ACH fee start?
As soon as we begin remitting money to your bank account on file.

When do transaction fees start?
As soon as club starts running transactions.

What exactly is Account Updater and how does it work?
Account Updater automatically updates the stored credit card information when that customer's card information changes.

- Can include expiration date changes, or even update the account number itself. Fraud, and major changes to an account, (previous card account is closed and replaced with new account), cannot be updated. Member must present the new card in such cases.

- Account updater will send communication to the bank 10 days before an invoice is due and, if successful, update the stored card info in ClubReady for that customer.

- If updated successfully, a $.99 fee is charged. There is NO fee for unsuccessful attempts.

- In addition, it will remove the card on file if it has a 0% chance of collecting the money, i.e. fraud, account closed, stolen, etc.

What is PCI?
PCI stands for "Payment Card Industry Data Security Standard (PCI DSS) is designed to ensure that All merchant that accept, process, store or transmit credit card information maintain a secure

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environment. ClubReady partners with Trustwave to ensure all our merchants processing credit card transactions have the means to be compliant.

Sample Email you will receive from ClubReady introducing you to Trustwave:

[***MERCHANT ACCOUNT HOLDER], MID << >>***

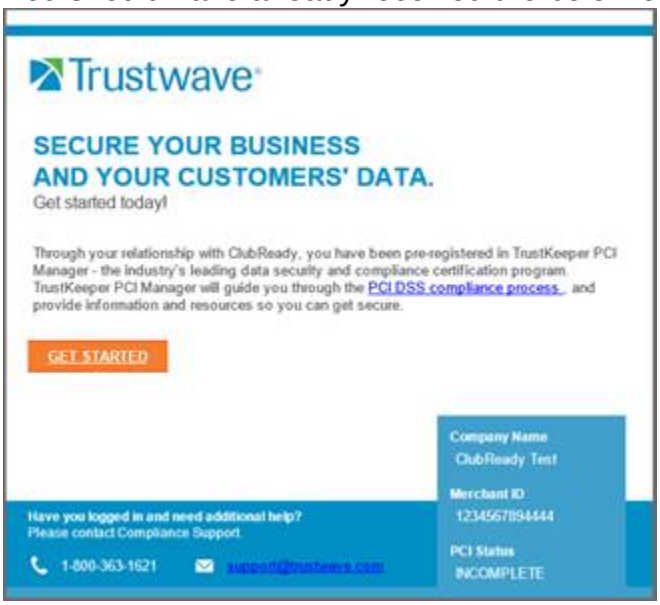
Welcome to ClubReady-Trustwave PCI Merchant Interface. We are emailing you today regarding your PCI-DSS compliancy requirements. As a merchant who accepts credit cards, you are required to protect the card and cardholder data you receive.

PCI-DSS stands for Payment Card Industry Data Security Standard and all merchants must comply with PCI-DSS standards. To help you become compliant, we have partnered with Trustwave. As a national leader in data security, Trustwave will assist you in completing the necessary steps to become compliant. Attached is a guide to help you get started with the process. 24-7 phone and email support are also available (Phone: 1-800-363-1621; Email: support@trustwave.com).

For more detailed information about the data security program's components, visit https://www.pcisecuritystandards.org/.

BECOMING COMPLIANT

You should have already received the below email from Trustwave. Select "GET STARTED" to begin.



Additionally, we would like to provide the following guidelines regarding PCI compliancy and your SAQ questionnaire.

1. The ClubReady system is a Virtual Terminal
2. ClubReady is PCI compliant and is certified with the card brands specifically for PCI

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3. You do not store card or cardholder data in your system for POS or recurring payments. The ClubReady system gathers and stores all card and cardholder data electronically on your behalf
4. ClubReady truncates the card number so only the last 4-digits are displayed in the member profile and POS screen

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