# FRANCHISE DISCLOSURE DOCUMENT

**Body and Brain Center, LLC**
**an Arizona limited liability company**
**1223 S. Clearview Ave., Suite 101**
**Mesa, Arizona 85209**
**Phone: (480) 550-8644**
**Fax: (866) 324-4805**
**E-Mail: support@bodynbrain.com**
**Website: www.bodynbrain.com**

Body and Brain Center, LLC offers franchises for Body & Brain Centers that provide holistic health and healing programs to individuals and small groups and sell related products and subscription services. ~~**A Body & Brain Center 2 is a center of 400 square feet or less and a Body & Brain Center 3 is a center of more than 400 square feet.**~~

The total investment necessary to begin operation of a Body & Brain franchise ranges from~~**: (i) $43,130 to $81,300 for a Body & Brain Center 2; and (ii)**~~ $56,630 to $116,150~~**for a Body & Brain Center 3.**~~. This includes an amount ranging from~~**: (i) $29,150 to $29,300 that must be paid to us and our affiliates for a Body & Brain Center 2; or (ii)**~~ $34,150 to $34,300 that must be paid to us and our affiliates~~**for a Body & Brain Center 3**~~.

This Disclosure Document summarizes certain provisions of your franchise 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 for the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document**.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209 or call (480) 550-8644.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like 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, for instance "*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 (the "FTC"). 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: February 14, 2017 **(amended June 1, 2017)**

## 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 "A" for information about the franchisor, 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 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 TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. ALL DISAGREEMENTS MUST BE SETTLED BY MEDIATION, ARBITRATION OR LITIGATION IN ARIZONA. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN ARIZONA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT ARIZONA 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. FRANCHISEES WILL BE SUBJECT TO A ROYALTY FEE OF 10% OF MONTHLY PROGRAM SALES.

4. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: March 22, 2017 **(amended effective _______, 2017)**

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## ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Definitions

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean Body and Brain Center, LLC - the franchisor. “You”, the “Owner” or the “Owners” means the person or persons who buy a Body & Brain franchise - the franchisee, and includes your shareholders if you are a corporation and your members if you are a limited liability company.

~~**A “Body & Brain Center 2” refers to a Body & Brain Center operated from a retail center that is 400 square feet or less. A “Body & Brain Center 3” refers to a Body & Brain Center operated from a retail center that is more than 400 square.**~~

Corporate Information

Body and Brain Center, LLC is an Arizona limited liability company that was organized on December 12, 2007. Our principal business address is located at 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209 and our telephone number is (480) 550-8644. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than “Body and Brain Center, LLC”.

Franchisor’s Business History and its Franchises

In February 2008, we began offering Body & Brain Center franchises, which are offered under this Disclosure Document.~~ **The Body & Brain Center franchise has two variations: Body & Brain Center 2 franchise (for retail based centers of 400 square feet or less) and Body & Brain Center 3 franchise (for retail based centers of more than 400 square feet).**~~

We began offering Body & Brain home-based franchises in February 2015. The Body & Brain home-based franchise is offered under a separate Disclosure Document. Body & Brain home-based franchisees do not operate from a dedicated retail location. Instead, they operate from a home-based office and offer Body & Brain products and services at their clients’ homes and business locations or utilize temporary space to offer classes. Home-based franchisees offer the same goods and services as Body & Brain Centers except Body & Brain home-based franchisees cannot offer special trainings that can be offered by Body & Brain Centers. As of the date of this Disclosure Document, we have sold a total of ~~17~~19 Body & Brain home-based franchises.

~~**We offer franchisees the option of converting to one of our other available franchises: (i) **~~**Having offered the Body & Brain home-based franchise model for more than 2 years, we recognize that our original Body & Brain Center franchise model is more beneficial to franchisees. So, we are in the process of transitioning the Body & Brain home-based franchise model to the Body & Brain Center franchise model. Only Body & Brain Center franchises are available for new franchises. We anticipate that we will continue to have Body & Brain home-based franchises for a significant amount of time, but only in states with existing Body & Brain home-based franchisees or prospective Body & Brain home-based franchisees who wish to sign an agreement for, operate, renew, or transfer a Body & Brain home-based franchise.**

A Body & Brain home-based franchisee can convert to a Body & Brain Center franchise by meeting the requirements and paying the conversion fee described in Item 5. ~~**(ii) **~~A Body & Brain Center franchisee ~~**can**~~**will not be allowed to** convert to a Body & Brain home-based franchise ~~**by meeting the requirements and paying the**~~**except that** conversion ~~**fee described in Item 6. (iii) A**~~**is allowed if before June 1, 2017,** a Body & Brain Center ~~2~~ franchisee ~~can~~has made an offer to us, evidenced by writing, to convert to a Body & Brain ~~Center 3~~home-based franchise ~~by meeting the requirements and paying the conversion fee described in Item 5 and in Item 6~~.

We do not offer franchises in any line of business other than: (i) the Body & Brain Center ~~franchises~~franchise offered under this Disclosure Document; and (ii) the Body & Brain home-based franchise offered under a separate Disclosure Document.

We are not engaged in any business other than offering Body & Brain franchises and administering the franchise system. We have operated a Body & Brain Center in New Jersey from 2013 to 2014 that we reacquired from a franchisee. We have not otherwise directly operated a Body & Brain Center. However, as discussed below, our parent companies have also operated similar businesses.

Parents, Affiliates and Predecessors

Our parent company is Body & Brain Yoga and Health Centers, Inc. ("BBYHC") (formerly named Dahn Yoga and Health Centers, Inc.) and its principal business address is 1234 S. Power Road, Suite 151, Mesa, Arizona 85206. BBYHC is owned by its parent company, Dahn World Co., Ltd ("Dahn World"), which has a principal business address of 277-20 Nonhyun Building, Nonhyun Kangnam, Seoul Korea. BBYHC operates approximately 61 Body & Brain Centers in the United States (formerly Dahn Yoga Centers) and Dahn World operates approximately 217 Dahn Yoga Centers outside the United States. BBYHC provides certain training to our franchisees as further discussed below under "Franchisee Qualifications." Neither BBYHC nor Dahn World has offered franchises in this or any other line of business.

We do not have any predecessors. Except as disclosed above, we do not have any affiliates that provide goods or services to our franchisees or that have offered franchises in this or any other line of business.

Franchisee Qualifications

We only consider offering franchises to individuals who have completed: (i) at least 6 months of regular classes held at a Dahn Yoga Center or Body and Brain Center; (ii) the Self-Enrichment workshop provided by BBYHC; and (iii) the Qualified Instructor Training provided by BBYHC; (iv) the Leadership Training provided by BBYHC.

Description of Franchised Business

Under your Body & Brain franchise (referred to in this Disclosure Document as your "Business" or your "Center"), you will establish and operate a business that provides holistic health and natural healing programs to individuals and small groups and sells related products. Body & Brain Centers offer Dahn Yoga classes, including dieting programs, Tai-chi programs, exercise programs, relaxation programs, natural healing programs and life coaching. Many of the exercises are brain-based, meaning they are designed to encourage normal brain wave functions, which allows the human body to take advantage of its natural healing power. You will utilize integrative lifestyle coaching to help people develop a healthy lifestyle using certain tools, such as counseling, exercise, media content and related products. You will utilize the Solar Body Method, which is a systemized training method that strengthens the body's natural healing capacity. The products sold by Body & Brain franchisees include books, CDs, DVDs, subscriptions to online programs (including changeyourenergy.com) and various devices that assist with the health and natural healing programs. None of these products are subject to regulation or approval by the United States Food and Drug Administration under the Dietary Supplement Health and Education Act of 1994 or under any other applicable laws.

## ITEM 2 BUSINESS EXPERIENCE

~~Chaesik Jeong~~**Sa Yong Kim** – President and Member of the Board of Managers

**Sa Yong Kim was appointed to our Board of Managers in June of 2017 and has served as our President since June of 2017. Mr. Kim served as Secretary and Chief Operating Officer for Tao Fellowship from February of 2011 to May of 2017.**

**Joung Yoon – Operations Manager and Member of the Board of Managers**

**Joung Yoon was appointed to our Board of Managers in March of 2012 and has served as our Operations Manager since June of 2017. Mr. Yoon also served as our President from March of 2012 to February of 2017.**

**Chaesik Jeong – Member of the Board of Managers**

Chaesik Jeong was appointed to our Board of Managers in March of 2012~~ and has~~**. Mr. Jeong also** served as our President ~~since~~**from** February of 2017 **to May of 2017**. Mr. Jeong has also served as the Director of Operations for our parent company, BBYHC, since August 2015 in Mesa, Arizona. From May 2014 to July 2015, Mr. Jeong served as a Regional Director for BBYHC in Torrance, California. From January 2008 to April 2014, Mr. Jeong served as a Manager and Senior Trainer for BBYHC in Mesa, AZ.

~~**Jung Ae Kim – Operations Manager**~~

~~**Jung Ae Kim has been our Operations Manager since January of 2014. From August of 2013 to February of 2015, Ms. Kim also served as a Regional Director for our parent company, BBYHC, in Oceanside, California. From May of 2012 through July of 2013, she was a Manager of the Sales Department for BBYHC in Gilbert, Arizona. From August of 2010 through April of 2012, she was a Regional Director for BBYHC in Albuquerque, New Mexico.**~~

~~**Joung Yoon – Member of the Board of Managers**~~

~~**Joung Yoon was appointed to our Board of Managers in March of 2012. Mr. Yoon also served as our President from March of 2012 to February of 2017. Mr. Yoon served as our Operations Manager from December of 2010 through February of 2012. From April of 2004 through April of 2012, Mr. Yoon served as a Senior Trainer for our parent company, BBYHC, in Mesa, Arizona.**~~

~~**Hyung Jin Cho – Member of the Board of Managers**~~

~~**Hyung Jin Cho was appointed to our Board of Managers in March of 2012. Mr. Cho has also served as a Regional Director for our parent company, BBYHC, since August 2016 in Arlington, Massachusetts. From March 2013 to July 2016, Mr. Cho served as a Regional Director for BBYHC in Kirkland, Washington. From January 2010 to February 2013, Mr. Cho served as a Manager and Senior Trainer for BBYHC in Mesa, Arizona.**~~

## ITEM 3 LITIGATION

*The People of the State of Illinois v. Body and Brain Center, LLC* (Case No. 09CH925)

On October 22, 2009, the Attorney General of the State of Illinois filed a Complaint against us in the Circuit Court of the Seventh Judicial Circuit in Sangamon County, Illinois. The Complaint alleged that we violated the franchise fee deferral condition imposed by the State of Illinois because our parent, BBYHC, accepted franchise fees from Illinois franchisees before they opened their businesses. Without admitting any liability, we entered into a Final Judgment and Consent Decree to settle these claims. The Final Judgment and Consent Decree, which was filed with the Court simultaneously with the Complaint on October 22, 2009, required us to pay $15,000 to the State of Illinois for penalties and costs. The Final Judgment and Consent Decree also prohibited us (and our parent companies, affiliates and other related parties) from collecting franchise fees from Illinois franchisees before opening as long as the franchise offering remains subject to deferral by the State of Illinois.

Other than the 1 action listed above, no litigation is required to be disclosed in this Item. California law requires additional disclosures related to the information contained in Item 3. These additional disclosures appear in the California Addendum that is attached to this Disclosure Document as EXHIBIT "I".

## ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

## ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay us an initial franchise fee in one lump sum before you attend our initial franchise training program. Specifically, the initial franchise fee is due at the time you sign the Franchise Agreement (or Training Agreement, if applicable). The initial franchise fee is $~~5,000 for a Body & Brain Center 2 and $~~10,000~~ for a Body & Brain Center 3~~.

We have the Additional Center Discount Program. Under the Program, a reduced intial franchise fee of $9,000 applies for an additional Body & Brain Center ~~3~~ if an existing Body & Brain Center franchisee is approved to enter into a new franchise agreement for the additional Body & Brain Center~~ 3~~. Except as provided in the Additional Center Discount Program, the initial franchise fee is uniformly imposed on all franchisees.

The initial franchise fee is paid for the right to enter into the franchise and covers our expenses incurred for marketing and advertising. The initial franchise fee is not refundable under any circumstances, although we reserve the right to grant refunds in our sole discretion.

Initial Training Fee

You must pay us an initial training fee of $10,000 before attending our initial franchise training program. Specifically, the training fee is due at the time you sign the Franchise Agreement (or Training Agreement, if applicable). You must pay us a separate $10,000 initial training fee for each person that attends initial training. We anticipate that most (if not all) franchisees will send only 1 person to initial training. We will refund the entire training fee if you notify us that you wish to cancel the franchise before you begin training. The initial training fee is not refundable under any other circumstances.

If you fail to successfully complete our initial training program, you must retake training and pay us a retraining fee of $400 for each instance where you must retake training. The retraining fee is due prior to attending the retraining session and non-refundable.

The initial training fee and the retraining fee are uniformly imposed on all franchisees.

Self-Enrichment Workshop

Before you apply for the franchise, you must attend the Self-Enrichment workshop provided by BBYHC. You must pay BBYHC a fee ranging from $250 to $400 to attend the Self-Enrichment workshop. This fee is payable at the time you sign up for the Self-Enrichment workshop. The fee for the Self-Enrichment worship is uniform. The entire fee is refundable if you notify BBYHC that you will not attend the training program before training begins. However, if you provide this notice within 30 days of training, BBYHC may retain an administrative fee of up to $50.

Qualified Instructor Training

Before you apply for the franchise, all Owners must complete the Qualified Instructor Training program provided by BBYHC. You must pay BBYHC a fee of $3,900 to attend the training. This fee is payable at the time you sign up for the training. The Qualified Instructor Training fee is uniform. The entire fee is refundable if you notify BBYHC that you will not attend the training program before training begins. However, if you provide this notice within 30 days of training, BBYHC may retain an administrative fee of up to $50.

Leadership Training

Before you apply for the franchise, all Owners must complete the Leadership Training program provided by BBYHC. You must pay BBYHC a fee of $10,000 to attend the training. This fee is payable at the time you sign up for the training. The Leadership Training fee is uniform. The entire fee is refundable if you notify BBYHC that you will not attend the training program before training begins. However, if you provide this notice within 30 days of training, BBYHC may retain an administrative fee of up to $50.

Conversion Program

~~**If you initially purchase a Body & Brain Center 2 franchise, you have the option to convert to a Body & Brain Center 3 franchise if you: (i) are in full compliance with the terms of the Franchise Agreement; (ii) pay a $5,000 conversion fee; and (iii) sign our then current form of franchise agreement for a Body & Brain Center 3 franchise and a general release. If you exercise this option, the conversion fee is paid in lieu of the initial franchise fee for the Body & Brain Center 3 franchise and you are not required to pay the initial franchise fee. You also need not retake, or pay for, the initial training, Self-Enrichment Workshop, Qualified Instructor Training or Leadership Training.**~~

A Body & Brain home-based franchisee has the option to convert to a Body & Brain Center franchise if the Body & Brain home-based franchisee: (i) is in full compliance with the terms of the Franchise Agreement for the Body & Brain home-based franchise; (ii) pays a conversion fee of $~~**5,000 to convert to a Body & Brain Center 2 or $10,000 to convert to a Body & Brain Center 3**~~**10,000**; (iii) completes the Leadership Training; (iv) signs our then current form of franchise agreement for a Body & Brain Center franchise and a general release. If a Body & Brain home-based franchisee exercises this option, the conversion fee is paid in lieu of the initial franchise fee for the Body & Brain Center franchise and the Body & Brain home-based franchisee is not required to pay the initial franchise fee, nor is it required to retake, or pay for, the initial training, Self-Enrichment Workshop or Qualified Instructor Training. The conversion ~~**fees disclosed in this Item 5 are**~~**fee is** non-refundable. The conversion ~~fees are~~**fee is** uniformly imposed on all franchisees.

## ITEM 6 OTHER FEES

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Royalty Fee [1] | 10% of monthly Program Sales [2] | Payable on or before 6th day of month for prior month's operations | None |
| Additional Training Fee [1] | Up to $150 per hour plus food, lodging and travel expenses | As invoiced | See Note 3. |
| Initial Training Fee [1] | $10,000 for first session, $400 for "retraining" | Before training | See Note 4. |
| Advertising Fund Fee [1] | 0.5% of Program Sales [2] | Payable on the 6th day of month for prior month's operations | See Note 5. |
| Cooperative Advertising Fee [1] | Up to 0.5% of Program Sales, or as otherwise established by the cooperative [2] | Payable on the 6th day of month for prior month's operations | Payable only if we establish an advertising cooperative that includes your territory. See Note 6. |
| National Conference Fee [1] | Up to $100 per day per person | As invoiced | See Note 7. |
| Software Fee [1] | Currently $50 per month (not to exceed $100 per month) | Payable on the 6th day of month | See Note 8. |
| Audit Fee [1] | Actual cost of audit plus $2,500; you must also pay travel and lodging expenses for the audit team | Upon completion of audit | See Note 9. |
| Renewal Fee [1] | $1,000 | 90 days before expiration of term | None. |
| Transfer Fee [1] | Our costs incurred as part of transfer, up to maximum of $~~2,500~~3,000 | Before consummation of transfer | See Note 10. |
| ~~Fee to Convert to Body & Brain home-based franchise [1]~~ | ~~$1,000~~ | ~~Before conversion~~ | ~~See Note 11.~~ |
| ~~Fee to Convert to Body & Brain Center 3 franchise [1]~~ | ~~$5,000~~ | ~~Before conversion~~ | ~~See Note 12.~~ |
| Fines [1] | Up to $500 per incident (maximum of $2,500 for same violation) | 10 days after billing | See Note 13. |
| Late Fee [1] | Lesser of 18% of amount past due or highest rate allowed by applicable law | 10 days after billing | See Note 14. |

necessary or appropriate in our sole discretion. You will have no voting rights pertaining to the administration of the advertising fund, the creation and placement of the marketing materials or the amount of the advertising fund fee.

(6) We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will collect the cooperative advertising fees and remit these fees to the applicable advertising cooperative (unless we administer the advertising cooperative ourselves). The amount of the cooperative advertising fee may be adjusted (or temporarily suspended) upon the majority vote of all franchisees within the advertising cooperative. Any Body & Brain Center that we operate will have the same voting power as third party franchisees. If we own the majority of Body & Brain Centers within an advertising cooperative, we will not increase the cooperative advertising fee without the consent of a majority of all third-party Body & Brain Center franchisees within the advertising cooperative. All cooperative advertising fees will be uniformly imposed on all franchisees within the advertising cooperative, including any Body & Brain Center that we operate.

(7) We may hold periodic national conferences. These conferences are mandatory, unless an Owner or manager cannot attend due to circumstances beyond his or her control. We may also waive the attendance requirement in our sole discretion. We may charge you the national conference fee for each person who attends. These conferences will likely be held in Arizona or New York, although we can select any location within the continental United States. In addition to the fee, you are responsible for all food, lodging and travel costs that you incur in attending a national conference. We may also conduct national conferences by telephone or a web-based conference.

(8) You must utilize BBYHC's proprietary web-based operations software, BRMNet. You will sign the Software Service Agreement attached to this Disclosure Document as <u>EXHIBIT "G"</u>. You must pay BBYHC a software fee of $50 per month for use of this software (the fee includes technical support, updates and upgrades to the software). We reserve the right to change the software that you must use at any time. If we require that you use software that is licensed from us, we may require that you sign a software license agreement with us and we may charge you commercially reasonable initial and ongoing licensing fees. Alternatively, we may enter into other software license agreements with the licensors of the software and then sublicense the software to you. If this occurs, we may charge you for all amounts that we must pay to the licensor(s) based on your use of the software.

(9) The audit fee must be paid only if (i) we find, after an audit, that you have understated any amount due to us by at least 3% for any monthly period or (ii) the examination or audit is required due to your failure to furnish required information or reports to us in a timely manner or record sales properly. In addition to the audit fee, you must pay us all past due amounts, together with any applicable late fee.

(10) The transfer fee is only paid if you transfer or sell your franchise. We will not charge you the transfer fee if you transfer the franchise to an entity that you control. The transferee must also pay us $10,000 for each new Owner and manager that we must train.

~~**(11) The $1,000 conversion fee is payable only if you exercise the option to convert to a Body & Brain home-based franchise. You have this option if you: (i) are in full compliance with the terms of the Franchise Agreement; (ii) pay us a $1,000 conversion fee; and (iii) sign our then current form of franchise agreement for a Body & Brain home-based franchise and a general release.**~~

~~(12) The $5,000 conversion fee is payable only if you exercise the option to convert to a Body & Brain Center 3. If you initially purchase a Body & Brain Center 2 franchise, you have the option to convert to a Body & Brain Center 3 franchise if you: (i) are in full compliance with the terms of the Franchise Agreement; (ii) pay a $5,000 conversion fee; (iii) sign our then current form of franchise agreement for a Body & Brain Center 3 franchise and a general release.~~

(~~13~~11) We may impose a fine only if (i) you do not comply with our standards and you fail to correct the noncompliance within the required corrective period or (ii) you receive a customer complaint and fail to follow our complaint resolution process. All fines will be deposited into the advertising fund.

(~~14~~12) We may charge the late fee on all overdue amounts under the Franchise Agreement. If the Franchise Agreement does not specify a due date, interest begins to accrue 10 days after billing. If there are sufficient funds in your designated checking account to cover all amounts due us as these amounts become due and you provide us with reports of Program Sales and record sales on a timely basis, you will not be charged a late fee.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### ~~A. Body & Brain Center 2 (center size of 400 square feet or less)~~

| ~~YOUR ESTIMATED INITIAL INVESTMENT~~ | | | | |
|---|---|---|---|---|
| ~~TYPE OF EXPENDITURE~~ | ~~AMOUNT~~ [1] | ~~METHOD OF PAYMENT~~ | ~~WHEN DUE~~ | ~~TO WHOM PAYMENT IS TO BE MADE~~ |
| ~~Initial Franchise Fee~~ | ~~$5,000~~ | ~~1 installment by electronic debit, cashier's check or personal check~~ | ~~When you submit proposed site for your Business~~ | ~~Us~~ |
| ~~Initial Training Fee~~ [2] | ~~$10,000~~ | ~~Lump sum~~ | ~~Before attending training~~ | ~~Us~~ |
| ~~Self-Enrichment Workshop~~ [3] | ~~$250 to $400~~ | ~~Lump sum~~ | ~~Before attending workshop~~ | ~~BBYHC (we may collect and pay to BBYHC at our option)~~ |
| ~~Qualified Instructor Training~~ [3] | ~~$3,900~~ | ~~Lump sum~~ | ~~Before attending training~~ | ~~BBYHC (we may collect and pay to BBYHC at our option)~~ |
| ~~Leadership Training~~ [3] | ~~$10,000~~ | ~~Lump sum~~ | ~~Before attending training~~ | ~~BBYHC (we may collect and pay to BBYHC at our option)~~ |
| ~~Training Expenses (food, travel and lodging)~~ | ~~$2,300 to $5,000~~ | ~~As incurred~~ | ~~Before and during training~~ | ~~Airlines, restaurants and lodging facilities~~ |
| ~~Lease deposit~~ | ~~$1,200 to $3,000~~ | ~~As incurred~~ | ~~Before opening~~ | ~~Landlord~~ |

| ~~YOUR ESTIMATED INITIAL INVESTMENT~~ | | | | |
|---|---|---|---|---|
| ~~TYPE OF EXPENDITURE~~ | ~~AMOUNT~~ [1] | ~~METHOD OF PAYMENT~~ | ~~WHEN DUE~~ | ~~TO WHOM PAYMENT IS TO BE MADE~~ |
| ~~Rent (3 months after opening)~~ [4] | ~~$1,800 to $4,500~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Landlord~~ |
| ~~Build Out & Improvements~~ [5] | ~~$500 to $10,000~~ | ~~As incurred~~ | ~~Before opening~~ | ~~Architects, contractors, suppliers~~ |
| ~~Decorating, Furniture & Furnishings~~ | ~~$900 to $2,300~~ | ~~As incurred~~ | ~~Before opening~~ | ~~Suppliers~~ |
| ~~Computer System~~ | ~~$1,100 to $2,700~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Suppliers~~ |
| ~~Initial Supply of Inventory~~ [6] | ~~$500 to $2,000~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Suppliers~~ |
| ~~Office Supplies~~ | ~~$300~~ | ~~As incurred~~ | ~~Before opening~~ | ~~Suppliers~~ |
| ~~Signage~~ | ~~$500 to $2,000~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Suppliers~~ |
| ~~Pre-opening Marketing~~ | ~~$1,500 to $2,500~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Newspaper, Yellow Pages, ad printers, other media~~ |
| ~~Utility deposits~~ | ~~$0 to $300~~ | ~~As incurred~~ | ~~Before opening~~ | ~~Utility companies~~ |
| ~~Music License Fee (for 1 year)~~ | ~~$300 to $600~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Music licensing company~~ |
| ~~Business License~~ | ~~$30 to $500~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Government agencies~~ |
| ~~Incorporation Fee~~ [7] | ~~$200 to $700~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Government agencies~~ |
| ~~Professional Fees~~ | ~~$300 to $3,000~~ | ~~Lump sum~~ | ~~Before opening~~ | ~~Accountants & lawyers~~ |
| ~~Insurance (premium for 1 year)~~ | ~~$500 to $900~~ | ~~Lump sum~~ | ~~Time and manner required by insurance companies~~ | ~~Insurance companies~~ |
| ~~Additional Funds – 3 months~~ [8] | ~~$2,050 to $11,700~~ | ~~As incurred~~ | ~~As incurred~~ | ~~Suppliers, employees and BBYHC~~ |
| ~~Total Estimated Initial Investment~~ [9] | ~~$43,130 to $81,300~~ | | | |

~~B. Body & Brain Center 3 (center size of more than 400 square feet)~~

| YOUR ESTIMATED INITIAL INVESTMENT | | | | |
|---|---|---|---|---|
| **TYPE OF EXPENDITURE** | **AMOUNT [1]** | **METHOD OF PAYMENT** | **WHEN DUE** | **TO WHOM PAYMENT IS TO BE MADE** |
| Incorporation Fee [7] | $200 to $700 | Lump sum | Before opening | Government agencies |
| Professional Fees | $300 to $3,000 | Lump sum | Before opening | Accountants & lawyers |
| Insurance (premium for 1 year) | $500 to $900 | Lump sum | Time and manner required by insurance companies | Insurance companies |
| Additional Funds – 3 months [8] | $2,050 to $11,800 | As incurred | As incurred | Suppliers, employees and BBYHC |
| **Total Estimated Initial Investment [9]** | $56,630 to $116,150 | | | |

NOTES:

(1) We do not offer direct or indirect financing to franchisees for any of these items. We will refund the entire training fee if you notify us that you wish to cancel the franchise before you begin training. No other fees payable to us are refundable. BBYHC will refund the training fee for Self-Enrichment Workshop, Qualified Instructor Training and Leadership Training if you notify BBYHC you will not attend before training begins. However, if you provide this notice within 30 days of training, BBYHC may retain an administrative fee of up to $50. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default. Because we do not expect many franchisees to be able to use the Additional Center Discount Program or the Conversion Program described in Item 5, our estimates above assumes that neither the Additional Center Discount Program nor the Conversion Program applies.

(2) All Owners and managers must successfully complete the initial training program and pay the training fee. Generally, we will require a franchisee to hire a manager if the franchisee purchases multiple franchises (unless the franchisee has at least 1 Owner for each franchise). We may also allow a franchisee to hire a manager if the franchisee purchases a single franchise, but the franchisee must still remain actively involved with the operation of the Center. Because we do not expect many franchisees (if any) to send more than 1 person to initial training at the initial phase of development, the estimate above assumes only 1 person attends the pre-opening initial training program.

(3) You must pay all travel, food and lodging costs associated with attending the franchise training program as well as the Self-Enrichment Workshop, Qualified Instructor Training and Leadership Training.

(4) These figures presume that you will be leasing your premises. A Body & Brain Center~~ 2 is 400 square feet or less while a Body & Brain Center 3~~ typically ranges in size from 600 to 1,500 square feet. The expense of leasing will vary, depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We estimate the rent will range from~~: (i) $600 to $1,500 per month for a Body & Brain Center 2; or (ii)~~ $1,000 to $3,000

per month~~ for a Body & Brain Center 3~~. The estimate above includes the first 3 month's rent after opening your Center. Some franchisees may prefer to own the premises for their Body & Brain Center. The cost to purchase the real estate varies so widely that we cannot reasonably estimate this cost.

(5) The cost of leasehold improvements and build out will vary widely depending upon the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements on the premises, the extent and quality of improvements desired by you, landlord's cash contribution to the cost of the improvements, and the like.

(6) You have the option of purchasing approved inventory items for resale.

(7) We recommend, but do not require, that you form a corporation or limited liability company to act as franchisee under the Franchise Agreement and to operate your Business.

(8) This estimates your expenses during the first 3 months of operation. These expenses include payroll costs (excluding any wage or salary paid to you), monthly software fee (paid to us or BBYHC), advertising costs, utilities, postal costs, additional inventory and office supplies, gas cost, and other miscellaneous expenses.

(9) These figures are estimates based on the past experience of our parent companies and franchisees in operating their Dahn Yoga Centers and Body & Brain Centers. You may have additional expenses starting your Business. Your costs will depend on a variety of factors, including how closely you follow our methods and procedures, your management skills, experience and knowledge, the local real estate market, the prevailing wage rate, competition, and the sales level achieved during the initial period. We strongly recommend that you have independent estimates on all of your start up and continuing operation costs for your Business.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Source Restricted Purchases and Leases – Generally**

We require that you purchase or lease certain "source restricted" goods and services for the development and ongoing operation of your Business. By "source restricted," we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

**Supplier Criteria**

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that

**find more detailed information about your obligations in these agreements and other items in this Disclosure Document.**

| Obligation | | Section in Franchise Agreement ("FA") or Software Service Agreement ("SSA") | Disclosure Document Item |
|---|---|---|---|
| a. | Site selection and acquisition/lease | FA: Section 7.1 & 7.2<br>SSA: Not Applicable | Item 7 & 11 |
| b. | Pre-opening purchases/leases | FA: Section 7.3, 10.4 & 15.1<br>SSA: Not Applicable | Item 5, 7, 8 & 11 |
| c. | Site development and other pre-opening requirements | FA: Section 7.3 & 7.4<br>SSA: Not Applicable | Item 6, 7 & 11 |
| d. | Initial and ongoing training | FA: Section 5<br>SSA: Not Applicable | Item 6 & 11 |
| e. | Opening | FA: Section 7.4<br>SSA: Not Applicable | Item 11 |
| f. | Fees | FA: Section ~~2.2,~~ 4.2, 5, 6.2, 9.1(b), 9.4, 10.8, 10.10, 13, 15.1 & 19.2(vi)<br>[Also see Section 3 of the Training Agreement]<br>SSA: Section 3.1 | Item 5 , 6, 8 & 11 |
| g. | Compliance with standards and policies/Operating Manuals | FA: Section 6.1, 7.1, 9.3(a) E& 10<br>SSA: Section 3.2 | Item 11 |
| h . | Trademarks and proprietary information | FA: Section 17<br>[Also see Section 5 of the Training Agreement]<br>SSA: Section 4 & 5 | Item 13 & 14 |
| i. | Restrictions on products/services offered | FA: Section 10.3 & 17.1<br>SSA: Not Applicable | Item 16 |
| j. | Warranty and customer service requirements | FA: Section 10.8<br>SSA: Not Applicable | Item 6 |
| k. | Territorial development and sales quotas | FA: Not Applicable<br>SSA: Not Applicable | Item 12 |
| l. | Ongoing product/service purchases | FA: Section 10.4<br>SSA: Not Applicable | Item 8 |
| m. | Maintenance, appearance and remodeling requirements | FA: Section 10.5 & 10.6<br>SSA: Not Applicable | Item 11 |
| n. | Insurance | FA: Section 15.1<br>SSA: Not Applicable | Item 6 & 7 |
| o. | Advertising | FA: Section 9<br>SSA: Not Applicable | Item 6, 7 & 11 |
| p. | Indemnification | FA: Section 18<br>SSA: Section 37 | Item 6 |

| OBLIGATION | SECTION IN FRANCHISE AGREEMENT ("FA") OR SOFTWARE SERVICE AGREEMENT ("SSA") | DISCLOSURE DOCUMENT ITEM |
|---|---|---|
| q. Owner's participation/ management/staffing | FA: Section 8<br>SSA: Not Applicable | Item 11 & 15 |
| r. Records and reports | FA: Section 15.2, 15.3 & 15.4<br>SSA: Not Applicable | Item 6 |
| s. Inspections and audits | FA: Section 16<br>SSA: Not Applicable | Item 6 & 11 |
| t. Transfer | FA: Section 19<br>SSA: Section 4.2 & 10.3 | Item 17 |
| u. Renewal | FA: Section 4<br>SSA: Section 11.1 | Item 17 |
| v. Post-termination obligations | FA: Section 21<br>[Also see Section 5 of the Training Agreement]<br>SSA: Not Applicable | Item 17 |
| w. Non-competition covenants | FA: Section 14 & 21.1(iii)<br>[Also see Section 5 of the Training Agreement]<br>SSA: Not Applicable | Item 17 |
| x. Dispute resolution | FA: Section 22<br>SSA: Section 9 | Item 17 |

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

## ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

**Except as listed below, we are not required to provide you with any assistance.**

**Before you open your Business, we will:**

1. License you the Marks necessary to begin operating your Business. (Section 2~~.1~~)

2. Approve the location, build-out and design of your Center. See Section below entitled "Site Development" for additional information. (Section 7.1, 7.3 & 7.4)

3. Review and approve the terms of your lease. See Section below entitled "Site Development" for additional information. (Section 7.2)

4. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We do not deliver or install any of the items that you must purchase. (Section 10.2 & 10.4)

5. Loan you 1 copy of the Manual, which will help you establish and operate your Business.

~~Jung Ae~~Sa Yong Kim is in charge of our training program. Our other instructors include Chaesik Jeong, Eun Jeong Lee and Joung Yoon.

~~Jung Ae~~Sa Yong Kim ~~joined us~~was appointed to our Board of Managers in ~~January 2014~~ June of 2017 and has served as our ~~Operations Manager. She served in a number of different capacities with our parent company, BBYHC, including~~President since June of 2017. Mr. Kim served as ~~a Center Manager from November 2008 to~~ Secretary and Chief Operating Officer for Tao Fellowship from February ~~2010 (for a Dahn Yoga Center located in Moraga, California), Regional Director from August 2010~~of 2011 to ~~April 2012, Sales Department Manager from~~ May ~~2012 to July 2013 and Regional Director from August 2013 to February 2015. She~~of 2017. Mr. Kim has more than 5 years of experience in the field.

Eun Jeong Lee ~~joined us in April, 2015~~has served as our Administrative Manager since May of 2017. Ms. Lee served as our Assistant Manager from April of 2015 to April of 2017. Ms. Lee was employed by our parent company, BBYHC, as a Center Manager from January 2010 to July 2012 (for a Dahn Yoga Center located in Bethesda, Maryland) and Center Manager from August 2014 to March 2015 (for a Dahn Yoga Center located in Glendale, California). Ms. Lee also served as a Wellness Program Coordinator for our affiliated company, Honor's Haven Resort and Spa, from August 2012 to August 2014. Ms. Lee has more than 5 years of experience in the field.

Chaesik Jeong was appointed to our Board of Managers in March of 2012 ~~and has~~. Mr. Jeong also served as our President ~~since~~from February of 2017 to May of 2017. Mr. Jeong has also served as the Director of Operations for our parent company, BBYHC, since August 2015 in Mesa, Arizona. From May 2014 to July 2015, Mr. Jeong served as a Regional Director for BBYHC in Torrance, California. From January 2008 to April 2014, Mr. Jeong served as a Manager and Senior Trainer for BBYHC in Mesa, AZ. ~~He~~Mr. Jeong has more than 5 years of experience in the field.

Joung Yoon was appointed to our Board of Managers in March of 2012~~.~~ and has served as our Operations Manager since June of 2017. Mr. Yoon also served as our President ~~since~~from March of 2012 to February of 2017. Mr. Yoon ~~served as our Operations Manager from December of 2010 through February of 2012. From April of 2004 through April of 2012, Mr. Yoon served as a Senior Trainer for our parent company, BBYHC, in Mesa, Arizona. He~~ has more than 5 years of experience in the field.

*Training Agreement*

If you choose to attend the initial training program prior to signing the Franchise Agreement, you must sign the Training Agreement, the form of which is attached to this Disclosure Document as EXHIBIT "D". In that case, you must pay us the $10,000 initial training fee when you sign the Training Agreement (prior to training).

*Supplemental Training Programs*

As further discussed in Item 5, each Owner is also required to attend the Self-Enrichment Workshop, Qualified Instructor Training and Leadership Training provided by BBYHC. The Self-Enrichment Workshop is held from time to time in numerous cities across the country. Usually, the training facility is located near a Body & Brain Center. The Qualified Instructor Training usually takes place in Arizona or New York. Leadership Training takes place in Arizona or New York. You must complete these training programs before you apply for the franchise.

*Ongoing Training*

To maintain the uniformity and high standard of goods and services provided by Body & Brain franchisees or to modify these goods or services, we may, but need not, offer periodic additional training programs for franchisees. Attendance at these training programs is optional. You may also request that we provide optional additional training. We are not required to provide this training, but may do so in our discretion.

*Training Fees and Costs*

You must pay us a $10,000 training fee for each owner and manager that attends our initial training program. We do not expect franchisees to have more than 1 owner or hire managers at the initial phase of development. Any person who fails initial training must retake training and you must pay us a retraining fee of $400 for each instance the person retakes training. You must pay our parent company $250 to $400 for the Self-Enrichment Workshop, $3,900 for the Qualified Instructor Training and $10,000 for Leadership Training.

You must pay all food, lodging and travel costs that you incur while attending training programs. We may charge you an Additional Training Fee of up to $150 per hour for: (i) any optional ongoing training programs you choose to attend; and (ii) any special training that you request and we agree to provide. If we travel to you to provide the requested training, you must reimburse us for our food, lodging and travel costs.

**Manual** (Section 6.1 & 10.2)

We will lend you our Manual in text or electronic form for the term of your Franchise Agreement. The Manual may include, among other things, (i) a description of the authorized goods and services that you may offer; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Body & Brain franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Center; and (v) a written list of goods and services (or specifications for goods and services) you must purchase for the construction of your Center and the development and operation of your Business and a list of any designated or approved suppliers for these goods or services. All mandatory provisions contained in the Manual are binding upon you. The Manual is confidential and remains our property. We may modify the Manual upon 30 day's prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement. The Manual contains a total of 160 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "H".

**Site Development** (Section 7 & 10.6)

You must purchase or lease the premises from which you will operate your Business. A Body & Brain Center ~~**2 is 400 square feet or less while a Body & Brain Center 3**~~ typically ranges in size from 600 to 1,500 square feet. ~~**If you purchase a Body & Brain Center 3, your**~~**Your** Center must have one or more training rooms and a lobby of at least 100 square feet. ~~**If you purchase a Body & Brain Center 2, you only need a training room.**~~ Before opening your Business, we must approve the location, build-out and design of your Center. In reviewing a proposed location, we will consider factors including parking, size, traffic patterns, general location, existence and location of competitive businesses (including Dahn Yoga Centers), lease terms, demographics and general character of the neighborhood and various economic indicators. Your Center may not be located in a residence. Usually, we will approve or reject your proposed location within 10 business days after you submit to us all information regarding the location that we require (including address, pictures of the facility and neighborhood, square footage, description of the neighborhood and demographics, estimated rent, and anything else we require), although we reserve the right to take a longer period of time based on the circumstances.

We also must approve the terms of your lease before you sign it. You must use your best efforts to cause

You may relocate your Center with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new Center within the Site Selection Area described in Attachment "B" to your Franchise Agreement; (ii) comply with all of our then current site selection and development requirements; and (iii) open your new Center and resume operations within 180 days after closing your prior Center.

**Your Territory**

Once you have identified a site that we have approved, you will receive a protected territory that will be identified in Attachment "B". The size of your protected territory will depend on demographics and other characteristics including population density (from a report generated utilizing http://www.freemaptools.com/find-population.htm), average income, and other characteristics of the surrounding area, natural boundaries, the extent of competition and the amount and size of urban, suburban and rural areas. ~~**However, if you open a Body & Brain Center 2, your protected territory will include a minimum population of 50,000, and if you open a Body & Brain Center 3, your**~~Your protected territory will include a minimum population of 70,000. Your protected territory will be marked on a map and defined by streets. By protected, we mean that we will not operate or authorize a third party to operate a Body & Brain Center using our Marks or a Dahn Yoga Center that is physically located within your territory during the term of your Franchise Agreement (subject to the limitations described below under "Limitations on your Territorial Rights"). Although you do receive these protections, your territory is not exclusive.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Other Body & Brain franchisees may advertise within your territory, although their advertising must be primarily directed towards customers within their territory. Likewise, you may advertise within the territories of other Body & Brain Center franchisees, although your advertising must be primarily directed towards customers within your territory.

**Limitations on Your Territorial Rights**

We reserve the right to sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through alternative channels of distribution. An alternative channel of distribution means any channel of distribution other than retail sales made to customers while physically present in a Body & Brain Center. Examples of alternative channels of distribution include: (i) sales over the Internet or through sales catalogs; (ii) sales through stores selling health or healing products (other than Body & Brain Centers operating under the Marks or Dahn Yoga Centers); and (iii) on-site sales to groups at a business (i.e., worksite classes) or customers at their homes. Body & Brain home-based franchisees market and sell through alternative channels of distribution. Therefore, they may operate within your territory. Sales through alternative channels of distribution are excluded from your territorial rights. This means that we may sell or license a third party to sell competitive or identical goods or services through alternative channels of distribution (whether under the Marks or different trademarks) anywhere within your territory. You are not entitled to any compensation for sales that take place through alternative channels of distribution.

We reserve the right to operate Body & Brain Centers, or license others to operate Body & Brain Centers, in Captive Venues. A "Captive Venue" means a non-traditional outlet for the sale of Body & Brain products or services that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than purchasing the Body & Brain products or services. Examples of Captive Venues include outlets for Body & Brain products or services that are located in hotels, college campuses or universities, airports, train stations or within other similar types of establishments. Captive Venues are excluded from your protected territorial rights. This means that we may operate or license a third party to operate a Body & Brain Center in a Captive Venue located anywhere within your territory. You are not entitled to any compensation for sales that take place from Captive Venues within your territory.

**Restrictions on Your Sales and Marketing Activities**

You cannot develop or maintain your own website. You are permitted to engage in online advertising as long as we approve the content of the advertisement and means of communication in advance. You also may advertise through approved social media sites. At all times you must comply with any social media policy that we develop. You can market and sell through any other channel of distribution (other than through a website). You cannot solicit, or sell products or services to, any person who is a current member of another franchisee or company-owned Body & Brain business without the consent of the owner(s) of the business with whom the person is a member. There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory.

**Minimum Performance Requirements**

Your territorial protections do not depend on achieving a certain sales volume, market penetration, or other contingency.

**Additional Territories**

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.~~ **However, if you initially purchase a Body & Brain Center 2, you have the option to upgrade to a Body & Brain Center 3 franchisee if you: (i) are in full compliance with the terms of the Franchise Agreement; (ii) pay a $5,000 conversion fee; and (iii) sign our then current form of franchise agreement for a Body & Brain Center 3 franchise and a general release.**~~

**Competitive Businesses Under Different Marks**

We also offer franchises for Body & Brain home-based franchises. Body & Brain home-based franchises operate under the same Marks and offer similar services. However, they are not permitted to offer special trainings that Body & Brain Center franchisees may offer. Body & Brain home-based franchisees cannot operate from a dedicated retail location but must provide "on-site" services at the customers' locations or operate from temporary space. Body & Brain home-based franchises may solicit and sell to customers located in your territory. We do not anticipate any conflicts between Body & Brain home-based franchisees and Body & Brain Center franchisees regarding franchise support or territories. However, Body & Brain home-based franchisees may not solicit or sell to members of a Body & Brain Center or members of another Body & Brain home-based franchisee. Similarly, Body & Brain Center franchisees may not divert customers from other franchisees, including Body & Brain home-based franchisees. We would mediate any dispute in order to promote the best interests of the customers and the Body & Brain brand as a whole.

Our parent company and affiliates currently operate approximately 64 Body & Brain Centers in the United States (61 operated by BBYHC and 3 operated by CGI, Inc., which is a subsidiary of Dahn World). BBYHC's principal business address is 1234 S. Power Road, Suite 151, Mesa, Arizona 85206. CGI, Inc.'s principal business address is 111 Homans Ave., Closter, New Jersey 07624. None of the Dahn Yoga Centers are franchises. In the past, Dahn Yoga Centers have not operated under the Body & Brain Center Mark. Instead, they have operated under the mark "Dahn Yoga Center." However, in 2015 all Dahn Yoga Centers operated by our parent company and affiliates rebranded to Body & Brain Centers. Dahn Yoga Centers sell goods and services that are similar or identical to the goods and services sold by Body & Brain franchisees,

**these provisions in the agreements attached to this Disclosure Document.**

In the table below, the "Franchise Agreement" sections are referred to as "FA" and the "Software Service Agreement" sections are referred to as "SSA".

| THE FRANCHISE RELATIONSHIP | | |
|---|---|---|
| **PROVISION** | **SECTIONS IN AGREEMENT** | **SUMMARY** |
| a. Length of the franchise term | Section 4.1 | Term is equal to ~~3 years for a Body & Brain Center 2 or~~ 5 years ~~for a Body & Brain Center 3~~. |
| | SSA: Section 1.1 | Term is 1 month and automatically continues for 1 month periods until either party terminates. |
| b. Renewal or extension of the term | Section 4.1 & 4.2 | If you are in good standing, you can enter into successor franchise agreements ~~to provide you with a maximum 15 year term.~~<br>~~If you purchase a Body & Brain Center 2, each renewal term is 3 years and you have a maximum of 4 renewal terms (15 years total).~~<br>~~If you purchase a Body & Brain Center 3, you~~. You can choose either 3 or 5 year renewal terms (your maximum total term is 15 years regardless of whether you choose 3 or 5 year renewal terms). |
| | SSA: Section 1.1 | The term automatically renews on a month-to-month basis until either party terminates. |
| c. Requirements for you to renew or extend | Section 4.2 | You must: not be in default; give us timely notice; sign our then current form of franchise agreement and related documents; sign a general release; pay the renewal fee (which is the same regardless of whether you select a 3 or 5 year renewal term); and remodel or upgrade your Center to comply with our then-current standards and specifications.<br>If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract. |
| | Not Applicable | The contract imposes no requirements in order to renew. |
| d. Termination by you | Section 20.1 | You can terminate at any time prior to attending the initial training program by providing written notice. You may also terminate if we fail to cure a material default or if you and we mutually agree to terminate. |
| | SSA: Section 1.2 | You can terminate only if BBYHC fails to cure a default or if you and BBYHC mutually agree to terminate. Either party can terminate upon 30 days' notice but you are required by the Franchise Agreement to use the BRMNet software. |
| e. Termination by us without cause | Section 20.4 | We may not terminate without cause unless you and we mutually agree to terminate. |
| | SSA: Section 1.1 & 1.2 | BBYHC may terminate upon 30 days' prior notice. It may also terminate upon 10 days notice if you fail to cure a default. |
| f. Termination by us | Section 20.2 & 20.3 | We can terminate only if you default. |

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## BODY & BRAIN FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is entered into this ___ day of ______________, 201__ (the "Effective Date") between Body and Brain Center, LLC, an Arizona limited liability company ("we" or "us"), with principal offices at 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209 and the franchisee signing this Agreement below ("you").

**1. DEFINITIONS**. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in Attachment "A". For capitalized terms that are defined in the body of this Agreement, Attachment "A" lists the Sections of this Agreement in which such terms are defined.

**2. GRANT OF FRANCHISE**~~Grant of Franchise~~. We hereby grant you a license to own and operate a Body & Brain Center (your "Business" or your "Center") using our Intellectual Property from a single location that we approve in writing. ~~You will identify on the signature page whether you will operate a Body & Brain Center 2 (which is 400 square feet or less) or a Body & Brain Center 3 (which is more than 400 square feet).~~ We reserve all rights not expressly granted to you under this Agreement.

**2.2** ~~Option for Conversion. You have the option to convert to a Body & Brain home-based franchise if you and your Owners (as applicable): (i) are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate; (ii) pay a $1,000 non-refundable conversion fee; (iii) sign our then current form of franchise agreement for a Body & Brain home-based franchise and all ancillary documents that we require Body & Brain home-based franchisees to sign; and (iv) sign a General Release. If you initially purchase a Body & Brain Center 2 franchise, you also have the option to convert to a Body & Brain Center 3 franchise if you and your Owners (as applicable): (i) are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate; (ii) pay a $5,000 non-refundable conversion fee; (iii) sign our then current form of franchise agreement for a Body & Brain Center 3 franchise and all ancillary documents that we require Body & Brain Center 3 franchisees to sign; and (iv) sign a General Release.~~

**3. TERRITORIAL RIGHTS AND LIMITATIONS**. Once we have approved the site for your Center, we will grant you a protected territory that will be identified on Part C of Attachment "B" (your "Territory"). Your Territory will include a minimum population of~~: (i) 50,000 if you purchase a Body & Bran Center 2; or (ii) 70,000 if you purchase a Body & Brain Center 3.~~ 70,000. We will not operate, or grant a franchise to a third party to operate, a Body & Brain Center or a Dahn Yoga Center that is physically located within your Territory during the Term, except as otherwise provided in this Section with respect to Captive Venues and Alternative Channels of Distribution. We reserve the right to: (i) operate Body & Brain Centers, or grant franchises or licenses to third parties to operate Body & Brain Centers, in Captive Venues that are located in your Territory; and (ii) sell competitive or identical goods or services (including under the Marks), or grant franchises or licenses to third parties to sell those goods or services (including, without limitation, Body & Brain home-based franchises), through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory.

**4. TERM AND RENEWAL**

**4.1 Generally**. The term of this Agreement (the "Term") will begin on the Effective Date and expire~~: (i) three (3) years thereafter if you purchase a Body & Brain Center 2; or (ii)~~ five (5) years thereafter ~~if you purchase a Body & Brain Center 3~~. If this Agreement is the initial franchise agreement for your Center, you may enter into successor Body & Brain Center franchise agreements as long as you meet the conditions for renewal specified below. Each successor franchise agreement shall be the current form of franchise agreement that we use in granting Body & Brain franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement (including financial and territorial terms) may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be for~~: (i) three (3) years if you purchase a Body & Brain Center 2;~~

~~or (ii)~~ either three (3) or five (5) years, at your option~~, if you purchase a Body & Brain Center 3~~. The maximum total term (including initial term and all renewal terms) shall be 15 years. You will have no further right to operate your Center following the expiration of the 15th year unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will govern your remaining renewal rights, if any.

**4.2** **Renewal Requirements**. In order to enter into a successor franchise agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a successor franchise agreement not less than 180 days nor more than 360 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the successor franchise agreement; (iii) sign the successor franchise agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a $1,000 renewal fee; and (vi) take any additional action that we reasonably require.

**4.3** **Interim Term**. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

## 5. TRAINING, WORKSHOPS AND CONFERENCES

**5.1** **Initial Training Program**. All of your Owners and managers must attend successfully complete our initial training program before you may sign this Agreement

**5.2** **Optional Periodic Training**. From time to time, we may offer refresher or additional training courses. Attendance at these training programs is optional.

**5.3** **Other Initial Training Programs**. Before you open your Business, each of your Owners must complete the Self-Enrichment workshop, Qualified Instructor Training and Leadership Training provided by Body & Brain Yoga and Health Centers, Inc.

**5.4** **Additional Training Upon Request**. Upon your written request, we may provide additional training to you at a mutually convenient time. We are not required to provide this training.

**5.5** **National Conferences**. We may hold periodic national conferences to discuss various business issues and operational and general business concerns affecting Body & Brain franchisees. Attendance at these conferences is mandatory unless: (i) an Owner or manager cannot attend due to circumstances beyond his or her control; or (ii) we provide our prior written consent that the Owner or manager is not required to attend.

**5.6** **Training Fees & Expenses**. You are responsible for all food, lodging and travel costs that your Owners and managers incur while attending any training program, workshop or conference. You must pay us an initial training fee of $10,000 for each person that attends our initial training program, whether before or after signing this Agreement. The initial training fee is due before training begins. We may charge a $400 retraining fee for any person who must retake training after failing to successfully complete initial training on a prior attempt. You must pay the applicable fees to each provider of Self-Enrichment workshop, Qualified Instructor Training, and Leadership Training. If you choose to attend any optional periodic training program, or if we agree to provide any special training that you request, then you agree to pay us a training fee of up to $150 per hour, which is due as invoiced. If we agree to travel to you to provide any training, you must also reimburse us for all costs that we incur for food, lodging and travel, which amounts are due as invoiced. We may charge you a conference registration fee of $100 per day per person who attends our national conference, which is due as invoiced.

## 6. OTHER FRANCHISOR ASSISTANCE

**6.1 Manual**. We will lend you our confidential Operating Manual (the "Manual") in text or electronic form for the duration of the Term. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

**6.2 Opening Assistance**. Upon your request, we may, but need not, send a representative to your Center to assist you with the opening of your Business. We will use good faith efforts to provide this assistance, subject to the availability of our representatives. We will not charge a fee for this assistance. However, you must reimburse us for all reasonable travel, meals, lodging and other expenses that our representative incurs in providing this assistance. You agree to reimburse us for these amounts upon receipt of an invoice.

**6.3 General Guidance**. Based upon our periodic inspections of your Center or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Center.

**6.4 Marketing Assistance**. As further described in Section 9.1 and Section 9.2, we will administer the advertising fund and provide you with other marketing assistance during the Term.

**6.5 Website**. We will maintain the corporate website for Body & Brain franchisees that will include the information about your Business that we deem appropriate. We will also establish an intranet with our franchisees to provide operational support. We may modify the content of and/or discontinue the Website and intranet at any time in our sole discretion.

**6.6 Private Label Goods**. We may, but need not, develop Body & Brain private label products for sale at your Center. You are not required to sell any of these products.

## 7. ESTABLISHING YOUR CENTER

**7.1 Site Selection**. You agree to locate and obtain our approval of the premises from which you will operate your Business. ~~**Your Center must be 400 square feet or less if you purchase a Body & Brain Center 2 and more than 400 square feet if you purchase Body & Brain Center 3.**~~ The premises must be located within the Site Selection Area identified in Part A of Attachment "B" and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within ten (10) business days after we receive all of the requisite materials. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Body & Brain Center. Our approval of the site indicates only that we believe the site meets our minimum criteria. Our site approval will be indicated on Part B of Attachment "B", which you and we will both sign upon site approval.

**7.2 Lease**. If you will lease the premises for your Center, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as Attachment "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we

**11. FRANCHISE ADVISORY COUNCIL**. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as advertising, marketing, operations and new service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counterproductive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote for each Body & Brain Center that it owns and operates on all matters on which members are authorized to vote.

**12. FRANCHISEE AS ENTITY**. If you are an Entity, you agree to provide us with a list of all of your Owners. All Owners of the Entity (whether direct or indirect) are jointly and severally responsible for the Entity's performance of this Agreement and each Owner is bound by all of the terms of this Agreement. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

**13. FEES**

**13.1 Initial Franchise Fee**. You agree to pay us an initial franchise fee (the "Initial Franchise Fee") at the time you submit to us the site that you propose for your Business. The Initial Franchise Fee is $~~5,000 for a Body & Brain Center 2 and $~~10,000~~ for a Body & Brain Center 3~~, except that the Intial Franchise Fee for an additional Body & Brain Center~~ 3~~ shall be $9,000 if (i) you are an existing franchisee under, and in full compliance with, an existing franchise agreement for a Body & Brain Center franchise, (ii) you and we agree to enter into a new franchise agreement for the additional Body & Brain Center~~ 3~~; and (iii) the new franchise agreement is entered into before the termination or expiration of the existing franchise agreement. The Initial Franchise Fee shall be fully earned by us and non-refundable once this Agreement has been signed. The Initial Franchise Fee will be waived if the option to convert to a Body & Brain Center ~~3~~ franchise is exercised by a Body & Brain ~~Center 2~~**home-based** franchisee who has satisfied all of the conditions for exercising the option, including payment of the applicable conversion fee, set out in the franchise agreement for the Body & Brain ~~Center 2 franchise or if the option to convert to a Body & Brain Center 2 or 3 franchise is exercised by a Body & Brain home-based franchisee who has satisfied all of the conditions for exercising the option, including payment of the applicable conversion fee, set out in the franchise agreement for the Body & Brain home-based franchise.~~**home-based franchise.**

**13.2 Royalty Fee**. On the sixth (6th) day of each month, you agree to pay us a royalty fee equal to 10% of your Program Sales generated during the preceding month.

**13.3 Other Fees and Payments**. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner (such as training fees, renewal fees, transfer fees, etc.).

**13.4 Late Fee**. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us interest on the amounts past due at the rate equal to the lesser of 18% per annum (prorated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run ten (10) days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 13.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable.

and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use or operation of your Center or your performance and/or breach of any of your obligations under this Agreement; (ii) any other Claim arising from alleged violations of your relationship with and responsibility to us; or (iii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

## 19. TRANSFERS

**19.1** **By Us**. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall insure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

**19.2** **By You**. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate a Body & Brain Center and otherwise meets all of our then applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed or made arrangements to attend the initial training program (and the transferee has paid us the initial training fee for each new owner and manager who attends training);

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(v) the transferee and its owners sign our then current form of franchise agreement, except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vi) you or the transferee pay us a **$3,000** transfer fee ~~**equal**~~ to ~~**the lesser of $2,500 or our actual costs incurred related to**~~**defray expenses that we incur in connection with** the Transfer;

(vii) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

## ATTACHMENT "A"

## TO BODY & BRAIN FRANCHISE AGREEMENT

## DEFINITIONS

*"Account"* is defined in Section 13.5.

*"Acquired Assets"* is defined in Section 21.2(a).

*"Advertising Campaign"* is defined in Section 9.1(a).

*"Agencies"* is defined in Section 21.1(x).

*"Agreement"* is defined in the Introductory Paragraph.

*"Alternative Channels of Distribution"* means all channels of distribution other than retail sales made to customers while physically present in a Body & Brain Center, including, but not limited to: (i) sales over the Internet or through catalogs; (ii) sales through stores selling health or healing products (other than Body & Brain Centers operating under the Marks); and (iii) on-site sales to groups at a business (i.e., worksite classes) or customers at their homes (including sales made by Body & Brain home-based franchisees).

*"Appraisal Date"* is defined in Section 21.2(a).

*"Appraised Value"* is defined in Section 21.2(d).

"*Body & Brain Center*" means a retail based center operated using our Intellectual Property as a substantial and indispensable part of operating the center.

~~**"*Body & Brain Center 2*" means a Body & Brain Center of 400 square feet or less.**~~

~~**"*Body & Brain Center 3*" means a Body & Brain Center of more than 400 square feet.**~~

*"Brand Protection Agreement"* means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as Attachment "E".

*"Business"* is defined in Section 2.~~1.~~

*"Captive Venues"* means non-traditional outlets for the sale of Body & Brain products or services that are located within, or are a part of, another establishment or facility that consumers may visit for a purpose other than purchasing the Body & Brain products or services. Examples of Captive Venues include outlets for Body & Brain products or services that are located in hotels, college campuses, airports, train stations, or within other similar types of establishments.

*"Center"* is defined in Section 2.~~1.~~

*"Claim"* or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

*"Competitive Business"* means any business competitive with us (or competitive with any of our affiliates or our franchisees) that provides health coaching, brain based education, personal training, Yoga, Taichi or Qi-Gong.

*"Copyrights"* means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow Body & Brain franchisees to use, sell or display in connection with the marketing and operation of a Body & Brain Center, whether now in existence or created in the future.

*"Dispute"* is defined in Section 22.

*"Effective Date"* is defined in the Introductory Paragraph.

*"Entity"* means a corporation, partnership, limited liability company or other form of association.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Body and Brain Center, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate for the proposed franchise sale.

If Body and Brain Center, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

~~Jung Ae~~Sa Yong Kim, 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209, (~~925) 989-8319~~928) 274-0409

Eun Jeong Lee, 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209, (480) 550-8644

~~[name]______________; [address]______________________________; [phone]______________~~

Joung Yoon, 1223 S. Clearview Ave., Suite 101, Mesa, Arizona 85209, (480) 320-9701

[name]______________; [address]______________________________; [phone]______________

Body and Brain Center, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

Issuance date: February 14, 2017 (amended June 1, 2017)

I have received the Body & Brain Franchise Disclosure Document for the State of California that included the following Exhibits:

| | |
|---|---|
| EXHIBIT "A" | State Agencies and Administrators |
| EXHIBIT "B" | Agent for Service of Process |
| EXHIBIT "C" | Franchise Agreement |
| EXHIBIT "D" | Training Agreement |
| EXHIBIT "E" | General Release |
| EXHIBIT "F" | Referral Agreement |
| EXHIBIT "G" | Software Service Agreement |
| EXHIBIT "H" | Table of Contents of the confidential Operating Manuals |
| EXHIBIT "I" | State Addendum |
| EXHIBIT "J" | List of Franchisees |
| EXHIBIT "K" | Financial Statements of Body and Brain Center, LLC |
| EXHIBIT "L" | Franchisee Disclosure Questionnaire |
| EXHIBIT "M" | Receipts |

______________________________
Print Name

____________________ Date

______________________________
(Signature) Prospective Franchise Owner

______________________________

(This receipt should be signed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and

RECEIPT

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Print Name

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Date (Signature) Prospective Franchise Owner

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(This receipt should be signed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and