FRANCHISE DISCLOSURE DOCUMENT

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The franchisee will operate a spa business under the name "CLOVR Life Spa" that offers some or all of the following spa services: customized aesthetic and beauty services, professional therapeutic massage, nail care services (manicures and pedicures), skincare, waxing services, and a meditation room (the "Chill Lounge") as well as related retail products in a safe, clean and friendly environment (the "Spa Services"). Spa Services are offered a la carte or in connection with varying levels of memberships ("CLOVR Life Spa"). Franchisees may also, where permitted by law, offer wine, beer, and champagne.

The total investment necessary to begin operation of a CLOVR Life Spa is **$270,275 to $723,975.** This includes **$41,625** (a $39,000 initial franchise fee plus $2,165 in initial technology fees) that must be paid to Franchisor or its affiliates.

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, us or our affiliates in connection with the proposed franchise sale. **Note, however, that no governmental 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 Danny Falero 100 E Camelback Rd Suite 144, Phoenix, AZ 85012.

The terms of your franchise agreement will govern your franchise relationship. Do not rely on the disclosure document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC by calling 1-877-FTC-HELP or writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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: **April 16, 2020**

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only CLOVR Life Spa Franchised Business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a CLOVR Life Spa Franchised Business franchisee?	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising Generally

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state. Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About This Franchise

Certain states require that the following risk(s) be highlighted:

1. **<u>Out of State Dispute Resolution</u>**. The franchise agreement requires you to resolve disputes with us by mediation, arbitration and/or litigation only in Arizona. Out-of- state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in Arizona than in your home state.

2. **<u>Spousal Liability</u>**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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EXHIBITS

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

SPA ACQUISITIONS, LLC is the franchisor. For ease of reference, in this disclosure document, we refer to SPA ACQUISITIONS, LLC as “CLOVR Life Spa” "we” "Franchisor" “us” or “our”. “You” or “your” or “Franchisee” refers to the person, persons, corporation, limited liability company, partnership, or similar business entity that is awarded a franchise.

CLOVR Life Spa only does business under the names “SPA ACQUISITIONS, LLC” “CLOVR LIFE SPA” and "Sirius Day Spa". We are a Delaware Limited Liability Company formed on February 22, 2019. Our principal place of business is 100 E Camelback Rd Suite 144, Phoenix, AZ 85012. We began offering CLOVR Life Spa franchises in April 2019.

Our predecessor is Sirius Day Spa Franchising, LLC, an Arizona limited liability company. Its principal business address is 8377 East Hartford Drive, Suite 105, Scottsdale, Arizona 85255. Sirius Day Spa Franchising, LLC offered unit and area representative franchises between January 2017 and March 2019. Our predecessor has not offered franchises in any other lines of business.

We have two (2) parents. Our direct parent is Propr Holdings, LLC, a Delaware Limited Liability Company formed on February 22, 2019. Propr Holdings, LLC's principal business address is 6380 E. Thomas, Suite 200, Scottsdale, AZ 85251. Our other parent is Brancap, LLC, a Delaware Limited Liability Company formed on February 22, 2019. Brancap, LLC's principal business address is 6380 E. Thomas, Suite 200, Scottsdale, AZ 85251.

Neither we nor any of our affiliates offer franchises in any other line of business. However, we offer CLOVR Life Spa area representative franchises pursuant to a separate Franchise Disclosure Document.

Our agents for service of process are listed in Exhibit B of this disclosure document. We do not engage in any business not described in this Item 1.

CLOVR Life Spas

CLOVR Life Spas are spa businesses that offer some or all of the following spa services: customized aesthetic and beauty services, professional therapeutic massage, nail care services (manicures and pedicures), skincare, waxing services, and a meditation room (the “Chill Lounge”) as well as related retail products in a safe, clean and friendly environment. CLOVR Life Spas also offer a membership program under which members, for a monthly fee, receive discounted services and are entitled to receive additional services at reduced member rates.

Typically, CLOVR Life Spas will be located in retail shopping centers (lifestyle, mall, and strip centers).

The distinguishing characteristics of the System include, without limitation, our interior and exterior design, special décor elements, layout, furnishings, fixtures, color schemes, display units, graphics and designs, signs, quality and quantity of equipment, and inventory; procedures for operations; proprietary computer software; quality and uniformity of services and products offered; staff and customer recruitment and retention programs; local, regional and national events; procedures for management training and assistance; advertising and promotional programs; and business formats, methods, procedures, designs, layouts, standards, and specifications, which we may change, improve and further develop from time to time.

We identify the System by means of the “CLOVR” and "CLOVR Life Spa" name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, “Marks”). Every detail of the System is important to you, us and our other franchisees. You must develop, maintain and operate your Spa Business at the high and uniform standards of quality, operations and service established by us for the System (“System Standards”). Our System Standards are set forth in a confidential operations manual (“Manual”). We will loan you one copy of the Manual for the term of your franchise.

CLOVR Area Representative Business

Franchisor also offers CLOVR area representative franchises ("Regional Developer") through a separate Franchise Disclosure Document. CLOVR Regional Developers refer prospective franchisees and support (pre-opening and post-opening) existing franchises in a defined geographic are ("Development Area"). Franchisor began offering Regional Developer franchises in April 2019. Franchisor's predecessor, Sirius Day Spa Franchising, LLC offered Regional Developer franchises between January 2017 and March 2019. There are currently 29 CLOVR Regional Developers in the United States.

Market and Competition

We are part of the spa and aesthetics industry including membership-based spa and aesthetic services. The market for day spas and membership-based spa services is well developed although the market for membership-based aesthetic services is relatively new and developing. Our principle targeted customers are adult woman between the ages of 30 and 70. We compete with hotels, resorts, day spas, salons, massage studios, nail salons, and other membership and non-membership-based aesthetic and beauty, professional therapeutic massage, nail care, skincare, waxing, and meditation businesses.

Industry Specific Regulations

There may be regulations specific to the operation of a Spa Business in your state. You must, among other things, comply with all laws, rules and regulations governing the operation of your CLOVR Life Spa, and obtain permits and licenses necessary to operate your CLOVR Life Spa. In addition, your state or local government may require you to obtain permits and/or licenses in order to provide day spa services. Specifically, some states, counties, and cities require that spa businesses obtain special licenses and permits related to one or more spa services that you will provide. Additionally, your employees may be required to have specific licenses depending on the services they are providing to customers. You will also be required to comply with all laws regarding the provision of services at your CLOVR Life Spa including registration with the appropriate regulatory authorities. We require you to complete background checks with our designated or approved vendor for such services on all of your employees before employment. Upon setting up your account with our background check vendor, you are required to add a corporate user to have read-only access to your account. The rules and guidelines regarding the number and timing of required background checks are provided in the Manual. Because you are required to accept credit cards and gift cards, you will have to comply with any laws and regulations relating to the acceptance and processing of credit cards, loyalty cards and gift cards including the Payment Card Industry Data Security Standards. Some states may classify a Spa Business as a health club. In those states, you might be required to file and post a bond. In addition, in those states, health club laws may regulate other aspects of your business including your agreement with your customers. If you offer alcoholic beverages at your CLOVR Life Spa, you will be obligated to comply with all applicable laws, regulations, permits, and guidelines associated with alcoholic beverages in your city, county, and state. You will be responsible for ensuring compliance with all requirements. You also will be required to comply with federal, state, and local laws applicable to businesses generally. You should consider these laws and regulations when evaluating your purchase of a franchise.

You should consult with your attorney and local, state, and federal government agencies before investing in a franchise to determine all of the legal requirements that you must comply with and consider their impact on you and the cost of compliance. It is your responsibility to investigate, satisfy, and stay current on all local, state, and federal laws and regulations since they vary from place to place and can change over time.

ITEM 2
BUSINESS EXPERIENCE

John Fechter- Chief Executive Officer and Member of Board of Managers. Mr. Fechter has been a Member of our Board of Managers since our formation in February 2019. Mr. Fechter has been our Chief Executive Officer since October 2019. Mr. Fechter is also the Founding Partner of G2 Investing in Scottsdale, Arizona—a position he has held since December 2014. Between October 2012 and September 2015, Mr. Fechter was the CEO of OpenTee/GolfSwitch in Scottsdale, Arizona.

Danny Falero- Chief Operating Officer and Marketing Officer. Mr. Falero has been our Chief Operating Officer and Chief Marketing Officer since May 2019. Mr. Falero has been the Chief Marketing Officer of G2 Investing in Ponte Vedra Beach, Florida since January 2016. Mr. Falero is also the Vice Present of Marketing for PGA Tour Experiences in Pontre Vedra Beach, Florida, a position he has held since November 2012.

Ryan Cole- Chief Information Officer. Mr. Cole has been our Co-Chief Operating Officer/Chief Information Officer since our formation in March 2019. Between October 2016 and March 2019, Mr. Cole was Co-Chief Operating Officer/Chief Information Officer of our predecessor Sirius Day Spa Franchising, LLC. From March 2016 through October 2016, he was a Vice President of The Leonesio Group, LLC in Scottsdale, Arizona. From August 2014 through March 2016, he was the Chief Information Officer of Amazing Lash Studio Franchise, LLC in Scottsdale, Arizona. From April 2014 through the present, he has been the Chief Information Officer for Redline Athletics Franchising, LLC in Scottsdale, Arizona. From January 2007 through April 2014, Mr. Cole was the co-founder and Director of IT for Massage Envy Elements in Phoenix, Arizona.

Robert Harris – Senior Vice President for Development. Mr. Harris has been our Senior Vice President for Development since April 2020. Since January 2017, Mr. Harris has been a CLOVR Life Spa Regional Developer in Scottsdale, Arizona. Mr. Harris has been a Managing Partner in Hillside Spot Café in Phoenix, Arizona since November 2009 and a Managing Partner in Majerle's Sports Grill in Chandler, Arizona since November 2007. Between December 2011 and June 2019, Mr. Harris was the Executive Vice President of Steve LeVine Entertainment & Public Relations in Scottsdale, Arizona.

Connie Aliverto- Spa Director. Ms. Aliverto has been our Spa Director since July 2019. From June 2016 through June 2019, Ms. Aliverto was a Relationship Specialist with USAA in Phoenix, Arizona. From September 2010 through October 2016, Ms. Aliverto was a Multi-Store Director with European Wax Center.

Christy Kuratko- Training Manager. Ms. Kuratko has been our Training Manager and Product and Service Manager since September 2019. Mr. Kuratko was the Director of Education at Cortiva Institute in Phoenix, Arizona from May 2015 through July 2019. Ms. Kuratko has been a Licensed Massage Therapist since March 2003.

Josh McCarter- Member of Board of Managers. Josh McCarter has been a Member of our Board of Managers since our formation in March 2019. Mr. McCarter has been the President of Mindbody, Inc., in Scottsdale, Arizona since May 2019. From April 2018 through May 2019, Mr. McCarter was the Chief

Strategy Officer for MindBody, Inc. in Scottsdale, Arizona. From September 2010 through April 2019, Mr. McCarter was the Co-Founder and CEO of Booker Software in New York, New York.

Frank Leonesio- Member of Board of Managers. Mr. Leonesio has been a member of our Board of Managers since March 2019. Bwetween October 2015 and October 2019, Mr. Leonesio was the owner and founder of Sirius Spa, Inc. in Lodi, California. From August 2005 through August 2013, Mr. Leonesio was the Chief Executive Officer of ESIO Beverage Company, LLC and ESIO Beverage Franchising, LLC in Mesa, Arizona.

Lyle Myers- Member of Board of Managers. Mr. Myers has been a Member of our Board of Managers since our formation in March 2019. Between October 2016 and March 2019, Mr. Myers was the president of our predecessor Sirius Day Spa Franchising, LLC. From January 2015 through July 2019, he was the President of Redline Athletics Franchising, LLC in Scottsdale, Arizona. From April 2013 through January 2014, Mr. Myers was an independent franchise management consultant.

ITEM 3
LITIGATION

Prior Actions

Austin Ventures III, LP v. Frank M. Leonesio, et al. CV 2005-015257 (Maricopa County Sup. Ct. filed on 9/28/05). The Plaintiffs and Defendants were all shareholders in an upscale system of health clubs called Q Clubs when a dispute arose regarding a stockholder agreement and other obligations related to, and proceeds from certain litigation. Plaintiffs brought claims against Defendants for breach of contract, breach of implied covenant of good faith and fair dealing, fraud in the inducement, conversion, fraudulent transfer, constructive trust, unjust enrichment, equitable lien, declaratory judgment, breach of agency agreement, breach of fiduciary duty, and punitive damages. The matter was tried to a jury and on 9/10/08 the Court entered rulings regarding the claims and attorneys' fees. As to Frank and Melissa Leonesio, the Court dismissed nine (9) of the claims but entered a judgment for breach of fiduciary duty in the amount of $439,580.36; for punitive damages in the amount of $1,121,958.00 and for taxable costs in the amount of $31,642.88, all of which were to be subject to post-judgment interest of 10% per year. Plaintiffs then filed an appeal with the Arizona Court of Appeals, 1 CA-CV 09-0166, and Defendants filed a cross-appeal. The Arizona Court of Appeals affirmed the Superior Court's decision on May 3, 2011.

C P O Waters Inc. v. O Waters, LLC and Frank Leonesio. Case No. 5386 (Delaware Court of Chancery filed on March 24, 2010). CP Waters and Defendants entered into a sale agreement in anticipation of a third party's ("DS Waters") acquisition of substantially all of the assets of O Waters, LLC (the "DS Waters Acquisition"). The defendants paid Plaintiff $3,800,000 but the Plaintiff alleges that it was owed an additional $600,000. The defendants contended that additional payments were not yet due to C P O Waters, Inc. because several outstanding issues regarding the acquisition of O Waters, LLC were not yet resolved and additional sale proceeds were not yet available to be distributed and that the money needed to stay in the company as a reserve for prospective obligations to creditors. After the outstanding issues with respect to the underlying transaction were resolved, the matter was resolved on August 31, 2010 for a payment of $550,000 in proceeds from the DS Waters Acquisition.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

In re ESIO Beverage Company, LLC, ESIO Holding Company, LLC and ESIO Franchising, LLC, et al.

2:13-BK-02473 (United States Bankruptcy Court, District of Arizona). This bankruptcy does not involve the Franchisor. Frank Leonesio and Lyle Myers were officers in ESIO Beverage Company. On February 22, 2013, ESIO Beverage Company filed a petition under Chapter 11 of the United States Bankruptcy Code. On August 15, 2013, the case was converted to a Chapter 7 case.

Other than the matter identified above, no bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee offsets the expenses CLOVR Life Spa incurs to market to, provide assistance to, research, award, and train franchisees. The Initial Franchise Fee is $39,000. If you purchase more than one CLOVR Life Spa franchise at the same time, the Initial Franchise Fee for the second and each subsequent CLOVR Life Spa will be $29,000. The discounted Initial Franchise Fee does not apply if you purchase more than one CLOVR Life Spa in subsequent transactions. If you are a veteran of the armed forces of the United States and were honorably discharged from military service, you will receive a ten percent (10%) discount on each Initial Franchise Fee that you pay to us. The Initial Franchise Fee is paid in a lump sum at execution of the Franchise Agreement unless you and we agree otherwise.

Initial Franchise Fees are not refundable. The Initial Franchise Fee and all other fees are uniform for all similarly situated franchisees.

When you sign a franchise agreement, you will also pay us a one-time technology setup fee of $375 and Technology Fees of $750 on the day you initiate your POS System.

We may, however, where we believe an adjustment is warranted, waive, reduce or change the amount or the payment date for any fee or amount payable to us. There is no formula for such adjustments and each situation is evaluated on a case-by-case basis and shall be reasonable under the circumstances. We will not charge different fees to franchisees that are similarly situated. Factors may include, but are not limited to: larger or more experienced prospective franchisees; prospective franchisees with which we or our affiliates have had previous experience; prospective franchisees departing other franchise/licensed systems; and prospective franchisees in other unique circumstances. We may elect not to negotiate with a prospective franchisee even if a franchisee possesses some or all of the same characteristics as another franchisee whose agreement was modified.

ITEM 6
OTHER FEES

Type of Fee(1)	Amount	Due Date	Remarks
Royalty	7% of Gross Sales	On or before the 1st and 16th day of each calendar month based upon Gross Sales(2) from the preceding fiscal period (1/2 of each month)	The Royalty is payable to us by an automatic, electronic debit from your business checking account. (3) The current fiscal period is one-half (1/2) of one month. We have the right to redefine the fiscal period as a daily, monthly, or other similar period.
Advertising Fund	Currently 1% of Gross	On or before the 1st	Your contribution to the

Type of Fee[1]	Amount	Due Date	Remarks
Contribution[4]	Sales. May be increased to 2% of Gross Sales upon ninety (90) days written notice to you.	and 16th day of each calendar month based upon Gross Sales[2] from the preceding fiscal period (1/2 of each month)	Advertising Fund is in addition to your expenditures for Local Store Marketing and the Pre-Sale and Marketing Plan. The Advertising Fund contribution is payable to us by an automatic, electronic debit from your business checking account. [3]
Cooperative Marketing Fee[5]	Not to exceed 2% of Gross Sales; Currently 0%		We may, in our sole discretion, establish a regional advertising cooperative in the future in your designated marketing area.
Local Store Marketing	The greater of $1,500 or four percent (4%) of Gross Sales.	Monthly in accordance with your Marketing Plan.	Your Local Store Marketing is in addition to your contribution to the Advertising Fund, any Regional Advertising Co-op and your expenditures for the Pre-Sale and Marketing Plan. You must begin conducting Local Store Marketing after the time period specified for the Pre-Sale and Marketing Plan. See Item 11 for more details on Local Store Marketing.
Additional Initial Training Program Fee	$500 per additional person attending the Initial Training Program	Prior to the beginning of the Initial Training Program	You must pay all travel and living expenses incurred by you and your employees during all training courses and programs.
Replacement Personnel Training	$500 per person attending the training program	As invoiced by us	You must also pay all travel and living expenses incurred by you and your employees and/or our employees during all training courses and programs.
On-site Remediation Training	$300 per day per trainer plus reasonable travel expenses	As invoiced by us	We may require you to engage and pay for on-site training if we believe that you require additional training. You may also request that we provide additional on-site training to you.
Technology Fee	Currently $750 per month from the date you open your location plus a $375 setup fee.	Setup fee due upon signing your franchise agreement. Monthly fee due on the 1st day of each month once your location is open.	You will pay us a Technology License Fee for required POS software, maintenance and support, e-mail service, intranet, and other technology services that we determine, in our sole discretion, to provide to you.

Type of Fee[1]	Amount	Due Date	Remarks
Franchise Meeting Fee	$1,000 per person		We currently do not intend to hold an annual franchise meeting. If we do decide to hold such meeting(s), you will be required to attend and to pay a Franchise Meeting Fee. These fees do not include your travel expenses including airfare, hotel and meals related to your attendance at such franchise meetings. You will be required to pay the Franchise Meeting Fee whether you attend the Franchise Meeting or not.
Transfer Fee[6]	An amount equal to 25% of our then current initial franchise fee, provided that the transfer fee shall not exceed $10,000 (except that in some cases the fee will be equal to our out of pocket costs and expenses)	Payable when we receive notice that you have identified a potential buyer and signed a purchase agreement.	The Transfer Fee is not refundable. If the closing for the transfer does not occur, we will not refund the Transfer Fee; however, if during the 12-month period following your initial notice of the transfer, you identify another transferee, then we will apply the Transfer Fee to the Transfer Fee for that buyer.
Renewal Fee	An amount equal to our then current initial franchise fee.	No more than 12 months and no fewer than 9 months prior to the date the Franchise Agreement will expire.	The Renewal Fee is not refundable. If, after your payment of the Renewal Fee, you decide to not renew the Franchise Agreement, we will not refund your Renewal Fee.
Late Report Fee	$100 per late report per week	Due for each report not submitted on the due date	We will debit the late report fee from your business checking account.
Site Evaluation Fee[7]	$0 for your initial site evaluation; $150 for any subsequent site evaluations	Prior to our undertaking a second or subsequent site evaluation	You will not pay us a fee for your initial site evaluation. You will only pay us a site evaluation fee if we are required to perform subsequent site evaluations.
Interest	The lesser of 18% per year or the maximum lawful rate	Upon demand	We will debit interest from your business checking account.
Audit Costs	Our actual audit fees, costs, and expenses	Upon demand	Payable only if the audit is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these

Type of Fee[1]	Amount	Due Date	Remarks
			items on a timely basis or, if our examination reveals a Royalty and/or Advertising Fund contribution understatement exceeding 2% of the amount that you actually reported to us for the period examined.
Costs and Attorneys' Fees	Our actual costs and reasonable attorneys' fees incurred	As incurred	If we prevail in litigation regarding enforcement of any terms of any agreement with us, you must pay our attorney fees and costs.
New Product and Supplier Testing [8]	Our actual expenses up to $5,000.	As incurred	
Insurance Costs	Our actual costs incurred in securing insurance on your behalf.	Upon demand	If you fail to obtain the insurance we specify, we may obtain such insurance for you and you must reimburse us for all premiums, costs and expenses we incur, plus a reasonable fee for our time incurred in obtaining such insurance.
Taxes	Upon demand	Upon Demand	If we determine, in our sole discretion, to pay any taxes that are your obligation or any taxing authority obligates us to pay taxes on your behalf.
Indemnification	Upon demand	Upon Demand	Payable if we incur any losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Franchise.
Reimbursement of Costs and Expenses	Upon demand	Upon demand	If you fail to perform certain obligations and we then have the right to perform the obligations, you will reimburse us for all costs and expenses.

NOTES:

(1) **General.** Unless otherwise specified, all fees are imposed, collected by, on a per spa basis, and payable to us and are non-refundable. Generally, all fees are uniformly imposed on our franchisees, however, in certain unique circumstances; we may defer, reduce or waive a fee for a particular franchisee for a limited period of time.

(2) **Gross Sales.** "Gross Sales" means all revenue that you derive from operating the Franchised Business, including, but not limited to, all services and products sold and all amounts that you receive at or away from the Premises, and whether from cash, check, credit and debit card, barter, exchange, trade credit, loyalty program points, gift card or other credit transactions. Gross Sales also includes all amounts that third party marketing agencies, such as, for example, Groupon, receive from your customers for marketing goods and services that these customers purchase from your CLOVR Life Spa (provided we have approved for such means or methods of marketing). Gross Sales also includes the full suggested retail price for any goods or services that are provided at a discount, other than discounts that are part of special programs recommended or approved by us. Gross Sales excludes all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority and will be reduced by: (i) the amount of any documented refunds, charge-backs provided to customers in good faith; (ii) any documented contributions (up to a maximum amount set by us) you make to an approved not for profit organization in conjunction with a CLOVR Life Spa approved charitable event; and (iii) any tips received by your employees.

(3) **Electronic Funds Transfer.** You must sign any documents we require to authorize us to electronically debit your business checking account or Electronic Depository Transfer Account ("EDTA") automatically for the Royalty, Advertising Fund contributions, late fees, interest and any other amounts. Our current form of EDTA documents are attached as Exhibit 4 to the Franchise Agreement. We will debit the EDTA on the dates that payments are due. If you fail to report Gross Sales of the Franchised Business, we may debit your EDTA for 120% of the highest monthly Royalty and Advertising Fund contribution that we previously debited from your EDTA. Once we determine the amount you actually owe to us, we will debit the EDTA the difference, or we will apply a credit towards your next payment.

(4) **Advertising Fund Contributions.** We may increase your periodic contribution to the Advertising Fund to an amount not to exceed two percent (2%) of the Gross Sales of the Franchised Business upon ninety (90) days written notice to you. Your advertising contributions and expenditures are explained in more detail in Item 11.

(5) **Cooperative Fees.** We do not currently have any regional cooperatives. We may establish regional cooperatives in the future. We shall be a member of the Regional Co-op Fund and be entitled to attend and fully participate in Regional Co-op Fund meetings; however, we shall not have a vote unless we or our affiliates operate a Spa Business in the area covered by the Regional Co-op Fund. Regional Co-op Fund fees will be determined by its members. The franchisees in a regional cooperative will determine the fees it charges to its members provided that the maximum Regional Co-Op Fund fees that permitted to be charged is two percent (2%) of Gross Sales.

(6) **Transfer.** You must pay to us a transfer fee equal to 25% of our then current initial franchise fee, provided that the transfer fee shall not exceed $10,000 (except that in some cases the fee will be equal to our out of pocket costs and expenses) ("Transfer Fee") when we receive notice that you have identified a potential buyer and signed a purchase agreement to cover our costs to begin to review the transfer documentation. We will waive the Transfer Fee if the transferee: **(1)** is an entity controlled by you, or **(2)** has obtained the location as a result of your death or disability. If the franchise candidate for the transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission. If you acquire a CLOVR Life Spa Franchised Business in conjunction with a transfer, you will be required to sign a new Franchise Agreement but the term of that Franchise Agreement will be amended to reflect the remaining Term of the transferor's franchise agreement.

(7) **Site Evaluation Fee.** We will not charge a fee for the first on-site evaluation that we conduct for a particular Franchised Business, however, if we require, or if you request, any additional on-site evaluations with respect to the same Franchised Business, you will pay to us, in addition to our travel expenses, a Site Evaluation Fee. An on-site site evaluation is necessary if the information you provide to us is inadequate for us to approve or disapprove of the proposed site.

(8) **Alternative Suppliers.** If you propose to purchase any goods or materials (that you are not required to purchase from us, an affiliate of ours, or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or request the supplier do so. We may require, as a condition of our approval, that our representative be permitted to inspect the supplier's facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment[1]	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
Initial Franchise Fee[2]	$39,000	$39,000	Lump Sum	See Item 5	Us
Pre-Sale and Marketing Plan [3]	$5,000	$10,000	As incurred	As incurred	Third parties
Grand Opening[4]	$10,000	$10,000	As incurred	As incurred	Third parties
Real Property [5]	18,000	$36,000	As required by your landlord	As required by your landlord	Third Parties
Travel and Living Expenses While Training[6]	$500	$3,000	As incurred	During training	Third parties
Leasehold Improvements[7]	$161,000	$400,000	As incurred	When construction contract is executed	Suppliers & Independent Contractors
Architect/Engineer/ Permits and Licenses[8]	$5,000	$12,000	As incurred	During design phase (Prior to construction)	Third Parties. This cost may be incorporated by your General Contractor's expenses
Legal/ Professional Fees[9]	$2,500	$5,000	As incurred	As incurred	Attorney/ Accountant

Column 1 Type of Expenditure	**Column 2** Amount		**Column 3** Method of Payment[(1)]	**Column 4** When Due	**Column 5** To Whom Payment Is To Be Made
Prepaid Rent, Security and other Deposits[(10)]	$7,000	$13,500	Lump sum	When you sign your lease or start up an account with utility company	Landlord Utility Companies
Initial Liability Insurance/Workers' Compensation Deposit[(11)]	$8,000	$10,000	As incurred	Before opening	Licensed Insurance Agent or carrier
Exterior Signage[(12)]	$10,000	$15,000	As incurred	Prior to Construction	Suppliers
Technology Purchases [(13)]	$22,000	$28,000	As incurred	When ordered	Suppliers
PCI Compliance Network Security Service Fees (Initial 3 Months)[(14)]	$650	$650	Lump Sum	Monthly	Suppliers
Technology Fee (Initial 3 Months) [(15)]	$2,625	$2,625	Lump Sum	Monthly	Us.
Opening Inventory and Supplies not otherwise noted[(16)]	$20,000	$30,000	Lump sum	When ordered	Suppliers
Furniture, Fixtures, and Equipment	$60,000	$100,000	Lump sum	When ordered	Suppliers
Additional Funds (Initial 3 months) [(17)]	$60,000	$90,000	As incurred	As incurred	Employees, suppliers, utilities
Total[(18)]	$270,275	$723,975			

NOTES:

(1) **General.** Fees paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the vendor as well as customer practice in the area where your Franchised Business is located.

(2) **Initial Franchise Fee.** The Initial Franchise Fee is not refundable under any circumstances. The Initial Franchise Fee is reduced to $29,000 for additional (more than one) CLOVR Life Spa franchises that you purchase in one transaction.

(3) **Pre-Sale and Marketing Plan.** You must initiate a pre-sale and marketing plan during the 2-month period before your CLOVR Life Spa opens for business. and continuing for two (2) months following the opening of your CLOVR Life Spa ("Pre-Sale and Marketing Plan"). Your Pre-Sale and Marketing Plan expenditures will range between $5,000 and $10,000. (See Items 6 and 11 for more detailed information.) You agree to comply with our guidelines for the Pre-Sale and Marketing Plan. You must spend at least the amount that we specify for your Pre-Sale and Marketing Plan; however, you may spend more than the required amount. This expenditure is in addition to your Advertising Fund contribution and the amount you must spend on Local Store Marketing.

(4) **Grand Opening.** You must conduct a Grand Opening event at your CLOVR Life Spa in a manner consistent with your guidelines for Grand Openings. We will provide you with our guidelines for Grand Openings after you sign the Franchise Agreement but prior to the opening of your CLOVR Life Spa. We estimate that you will spend approximately $10,000 on your Grand Opening.

(5) **Real Property.** We expect that you will lease the location for the Franchised Business, which will range in size from 3,000-4,200 square feet and be located in a retail shopping center, strip center lifestyle center, or shopping mall. The lease that you sign for your Franchised Business must be for a term of no less than ten (10) years from within a geographic area that we identify in the Franchise Agreement ("Site Selection Area"). The lease payments that you will make to third party landlords will vary considerably depending upon the property size, type of transaction and location. Lease agreements may include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent, principal and interest on tenant improvement loans, and other charges related to the operation of the Franchised Business.

(6) **Training Expenses.** You must pay all travel and living expenses incurred by you and your employees while attending all training courses and programs. The amount of these expenses will depend on the distance you must travel, mode of transportation, type of accommodations, number of your employees attending training and their wages.

(7) **Leasehold Improvements.** The leasehold improvements estimate includes estimated expenditures for building permits, interior construction, HVAC, electrical, plumbing, and wall, window, and floor coverings. This estimate includes allowances that some landlords may provide. The low end of the range includes a $50 per square foot Landlord paid tenant improvement allowance and the high end of the range includes a $20 per square foot Landlord paid tenant improvement allowance. This amount represents an average amount that existing franchisees are receiving from their Landlords. That being said, there is no guarantee that your Landlord will contribute that amount (or anything) to your leasehold improvements. The cost of these improvements varies significantly depending upon the size and existing condition of the Premises as well as the geographic area in which your CLOVR Life Spa is located. Costs will likely be significantly higher in certain high-density metropolitan areas as well as California, Hawaii and Alaska.

(8) **Architect/Engineer/Permits and Licenses.** This figure includes an estimate of the expenses that you will likely incur in the development of your CLOVR Life Spa Franchised Business including preliminary design drawings, construction drawings, and building and construction related permits and licenses. Some of these expenses may be built into the costs billed to you by your general contractor.

(9) **Legal/Professional Fees.** These figures represent the estimated costs of engaging attorneys or other business professionals to review this disclosure document and the accompanying agreements, to assist you in forming an Entity, to assist you in obtaining a loan, and to help you obtain required business licenses and permits.

(10) **Prepaid Rent, Security and Other Deposits.** Landlords may require you to pay the first and last months' rent and a security deposit equal to at least one to three months' rent. Utility companies also may require a deposit for all new commercial accounts. The amount of the utility deposit will vary depending upon your utility company and its standard credit practices.

(11) **Insurance.** This is an estimated down payment against your annual premiums to acquire the insurance required under the Franchise Agreement. The estimate is only for commercial general liability, property, professional liability, business interruption, and workers' comp insurance. We may, periodically, specify and change the types and amounts of coverage required, including an additional liability insurance umbrella policy. You must provide us with a copy of each insurance policy upon issuance and after each and every renewal. Each insurance policy must name us, our affiliates and our and their respective officers and owners as additional named insured and must require 30 days prior written notice to us before being modified, cancelled or terminated and 30 days prior written notice to us before the policy expires.

(12) **Exterior Signage.** The signage will be governed by the System Standards and any restrictions in your lease (if applicable) and local ordinances.

(13) **Technology Purchases**. This amount estimates your cost for the purchase and installation of your computer system and related equipment. See Item 11 ("Technology System") for detailed information about the items that are included in this estimate. The low estimate assumes you will purchase three (3) computers and the high range assumes you will purchase 5 computers. This estimate also includes a configuration fee that must he paid to the computer supplier as well as VoIP phones, overhead sound equipment and digital video boards.

(14) **PCI Compliance & Network Security Service Fees.** You must comply with all Payment Card Industry ("PCI") standards and requirements, and you must use our designated vendor for the provision of services that are designed to enable you to comply with PCI requirements and standards. You must pay our Designated Supplier or Approved Supplier, a monthly PCI Compliance service fee. The estimates reflect 3 months of fees.

(15) **Technology Fee.** You must pay us, a monthly Technology Fee. The Technology Fee provides you access, maintenance and support for required POS software, e-mail service, intranet, and other technology services that we determine, in our sole discretion, to provide to you. Currently, the Technology License Fee is $750 per month. We may increase the Technology Fee upon thirty (30) days written notice to you. The estimate reflects three months of Technology Fees and a one-time technology setup fee of $375.

(16) **Opening Inventory and Supplies.** Includes retail skincare products; skin and body care professional products; and supplies associated with providing services at your CLOVR Life Spa.

(17) **Additional Funds.** This is an estimate of the funds needed to cover business (not personal or living) expenses during the initial period (which we consider to be the first 3 to 6 months) of operation of the Franchised Business. To the extent that operational revenues do not cover these expenses, you will need additional funds to support the operational costs of your business, including other expenses as rent, leases, payroll, utilities, insurance, taxes, loan payments, advertising, supplies, inventory, Pre-Sale and Marketing Plan expenses and other expenses. The amount of additional funds you will need will depend upon many factors, including how much you follow the System, your technical, marketing and general business skills, local economic conditions, the local market for the Franchised Business, competition, local cost factors, and the sales levels you achieve. There is no guarantee that the working capital estimate will be adequate or that additional investment by you will not be necessary during the initial period and afterwards. You may need additional funds and you should consult with your financial advisor to determine the amount of working capital that you should invest.

(18) **Estimates.** We have relied upon our experience and the experience of our predecessor Sirius Day Spa Franchising, LLC in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase a CLOVR Life Spa franchise. These estimates do not include the cost of acquiring an existing franchised business from an existing CLOVR Life Spa franchisee or buying or leasing real property for the Franchised

Business. We do not offer financing to you for any part of the initial investment.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

System Standards

To ensure that the highest degree of quality and service is maintained at all CLOVR Life Spas, you must operate your Franchised Business in accordance with the System including the System Standards. We have developed the System Standards based upon our experience and the experience of our affiliates. We disclose the System Standards to you in the Manual, on our Intranet site and/or otherwise in writing.

Approved Products, Distributors and Suppliers

We may develop certain proprietary or branded services, including proprietary aesthetic and beauty services, nail services, therapeutic massage and body services, wraps, skincare and waxing services ("Proprietary Services") and/or branded and/or proprietary products that you will offer in your CLOVR Life Spa (collectively "Proprietary Products"). We reserve the right to require you to purchase Proprietary Products from us at any time. We also reserve the right to amend, add, modify, delete or change the list of Proprietary Products or Proprietary Services that you must offer at your CLOVR Life Spa. We have developed standards and specifications for other products, materials and supplies incorporated or used in providing services or the packaging and delivery of products and services authorized for sale at CLOVR Life Spas.

For your Franchised Business, you must purchase the Proprietary Products only from us or a third party designated and licensed by us to prepare and sell such products ("Designated Suppliers"); and purchase from manufacturers, distributors, vendors and suppliers approved by us ("Approved Suppliers") all other goods, products, accounting and bookkeeping services, payroll services, materials and supplies (collectively, "Goods"), as well as advertising materials, furniture, fixtures, equipment, menus, forms, paper and plastic products, packaging or other materials (collectively, "Materials") that meet the standards and specifications promulgated by us from time to time. We may require you use only certain brands (collectively, "Approved Brands") and prohibit you from using other brands. From time to time, we may modify the list of Approved Brands (including certain skincare and aesthetic products), and you may not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. Neither Franchisor nor its affiliate are currently an Approved Supplier or a Designated Supplier for any Goods or Materials although we reserve the right to appoint Franchisor or an affiliate as an Approved Supplier or Designated Supplier of one or more Goods of Materials.

Currently, we require you to purchase designated computer hardware (4 to 5 workstations), receipt printers, credit card readers, barcode scanners, cash drawers, networked laser printers and networked multi-function copier/printer/fax/scanner, data switches, firewalls, and required antivirus software. We will provide you with detailed specifications and policies for all hardware, software, accessories and components of the computer systems, including, but not limited to, specifications for virus protection, data backup, hardware warranties, and installation requirements. The estimated cost to purchase required hardware and software for operation of your CLOVR Life Spa is $22,000 to $28,000.

No owner or officer of Franchisor currently owns any interest in an Approved Supplier or Designated Supplier.

From time to time, we also may modify the list of Designated Suppliers and/or Approved Suppliers and you may not, after receipt of such modification in writing, order any Proprietary Products from a supplier who is no longer a Designated Supplier or order any Goods or Materials from a supplier who is no longer an Approved Supplier. We may approve one or more suppliers for any Goods or Materials and may approve a supplier only as to certain Goods or Materials. Approval of a supplier or vendor may be conditioned on requirements relating to the product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by us. These criteria and standards are included in the Manual.

We and our affiliates, from time to time, may receive payments from suppliers or vendors (including Designated Suppliers and/or Approved Suppliers) on account of such suppliers' dealings with you and other CLOVR Life Spa franchisees, and we may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of CLOVR Life Spas or any other group of businesses franchised or operated by us or our affiliates.

If you propose to purchase any Goods or Materials (that you are not required to purchase from us, an affiliate of ours or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or request the supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test must be paid by you. We will notify you within 60 days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to re-inspect the facilities and products of any such Approved Supplier and to revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

We negotiate purchasing arrangements with Approved Suppliers so that, whenever possible, you can take advantage of the economies of scale offered by being a part of the System. Currently, there are no purchasing or distribution cooperatives. We may receive discounts that are not available to franchisees on the purchase of certain products. We may also receive rebates on products, supplies, and equipment that you purchase from some of our Approved Suppliers. In 2019, we received rebates totaling $0. In the calendar year ended December 31, 2019, we collected rebates of $0, which is 0% of our total revenue of $141,182 for the same time period (see Item 11).

We estimate that your purchases or leases from Designated Suppliers and/or Approved Suppliers will represent approximately 90% of your total purchases in the establishment of your Franchised Business and 90% of your total purchases in your continuing operation of your Franchised Business.

In the calendar year ending December 31, 2019, 0% was derived from the sale of the Proprietary Products, marketing materials, inventory, and supplies.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Franchised Businesses) based upon whether you purchase Proprietary Products from Designated Suppliers or Goods and Materials from Approved Suppliers; however, if you purchase Proprietary Products, Goods or Materials from unapproved suppliers or if you purchase unapproved Goods or Materials, we will have the right to terminate the Franchise Agreement.

Insurance

You must maintain insurance policies protecting you and (as additional insureds) us and our officers, directors, partners and employees against all loss, liability, personal injury, death or property damage or expense related to your school(s) or as applicable. Policies must be written by an A.M. Best “A” or better rated insurance company satisfactory to us and must meet our specifications, including types and amounts of coverage, and the dollar limits and deductibles levels, among other things.

All insurance policies must name Franchisor and Franchisor's parents, affiliates, subsidiaries, predecessors, successors, and assigns, as well as their respective officers, directors, employees, shareholders, and members as additional insureds on a primary, noncontributory basis.

Type of Coverage	Limits and Required Coverages
Commercial General Liability	**\$1,000,000 per occurrence/ \$2,000,000 aggregate** • Sexual Abuse & Molestation: \$1,000,000 per occurrence/ \$2,000,000 aggregate • Non-owned auto limit: \$1,000,000 • Personal Advertising Injury: \$1,000,000
Professional Liability Coverage: (Errors & Omissions for Professional Services)	**\$1,000,000 per occurrence** • Sexual Abuse & Molestation Limit of \$1,000,000 per occurrence/ \$2,000,000 aggregate
Employment Practices Liability	**\$1,000,000 policy limit** • 1st & 3rd party defense & indemnification • Wage & hour sublimit of \$100,000
Data Privacy/Cyber Liability Coverage	**\$1,000,000 policy limit** • must include coverage for 1st & 3rd party losses
Crime/Employee Dishonesty Coverage	**\$25,000**

The insurance policies described above must: (i) have a deductible equal to or less than $10,000; and (ii) include a waiver of subrogation endorsement in favor of Franchisor; (iii) shall not exclude contractual liability. The Commercial General Liability coverage shall include a Waiver of Subrogation endorsement in favor of Franchisor, and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage.

The types and amount of insurance listed above represent the minimum coverage you are required to secure prior to opening your CLOVR Life Spa. You may secure additional insurance. Additionally, local law and/or your lease agreement may require additional types of insurance and/or greater amounts of coverage. To the extent that your lease requires additional policies and/or amounts of coverage, your lease agreement shall control although you are obligated to have each type of insurance identified above.

All insurance policies must be purchased through an agent or broker on our Approved Supplier list and be written by an insurance company that is licensed in the state where you are doing business. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days’ prior written notice to us of a policy’s material modification, cancellation or expiration.

Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. At least 10 days prior to commencing construction of the Franchised Business or 3 days before taking ownership of an existing open CLOVR Life Spa and annually thereafter, you must submit to us a copy of your Certificates of Insurance or other evidence that you are maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain such insurance for you and the Franchised Business, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

Business Telephone Numbers

You must maintain a business line with a 24-hour phone navigation system from an Approved Supplier that has voice messaging and on-hold capabilities. All business telephone numbers, directory listings and customer information must be transferred to us upon expiration and termination of the Franchise Agreement. When you sign the Franchise Agreement, you also will sign the Listing Assignment Agreement attached to the Franchise Agreement as Exhibit 6

Music and Digital Signage

You must utilize our Approved Supplier of music and digital signage at your CLOVR Life Spa. Our Approved Supplier will require you to enter into a license agreement ("Music License Agreement") with them granting you the right to play approved music selections and digital communications at your Franchised Business. The current expenses associated with the Music License Agreement are approximately $70 per month. You may be also required to obtain additional ASCAP, BMI and/or SESAC licenses in conjunction with our approved music system. We reserve the right to change, add, or remove suppliers of music services and/or to modify the requirements for music at your Franchised Business.

We may operate and change the System in any manner that is not expressly or specifically prohibited by the Franchise Agreement. Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, as we consider to be best, to vary System Standards for any franchisee or any franchised Spa Business based upon the peculiarities of any condition that we consider important to that franchisee's or that Spa Business's operation. From time to time, we may modify System Standards, and these modifications may obligate you to invest additional capital in the Premises and/or incur higher operating costs. You must implement any changes in the System Standards within a time period we request, whether they involve refurbishing or remodeling the Premises or any aspect of the Franchised Business, buying new operating assets, adding new products or services, or otherwise modifying the nature of your operations.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT (FA)	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	5.A, 5.B	Items 11 and 12
b. Pre-opening purchases/leases	6.B	Items 6, 7, 8 and 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT (FA)	DISCLOSURE DOCUMENT ITEM
c. Site development and other pre-opening requirements	6.A, 6.B	Items 6 and 7
d. Initial and ongoing training	11	Items 5, 6, 7 and 11
e. Opening	6.D	Item 11
f. Fees	7, 9	Items 5, 6 and 7
g. Compliance with System Standards, Policies, Operating Manual	12	Items 8, 9, 13, and 16
h. Trademarks and proprietary information	12.B, 13	Items 8, 13 and 14
i. Restrictions on products/services offered	6.B, 12.B	Items 8 and 16
j. Warranty and customer service requirements	12.F	Item 8
k. Territorial development and sales quotas	N/A	Item 12
l. Ongoing product/service purchases	12.B	Item 8
m. Maintenance, appearance, and remodeling requirements	12.E	Item 8
n. Insurance	12.I	Items 6, 7, and 8
o. Advertising	9	Items 6 and 11
p. Indemnification	23	None
q. Owner's participation/ management/staffing	12.H	Items 11 and 15
r. Records/reports	8	Item 6
s. Inspections/audits	8.D, 12.G	Item 6
t. Transfer	15, 16	Items 6 and 17
u. Renewal	4.B	Items 6 and 17
v. Post-termination obligations	20	Item 17
w. Non-competition covenants	18	Item 17
x. Dispute resolution	27	Item 17
y. Personal Guaranty	14.C	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, 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.

Our Obligations Prior to Opening:

Before you open your Franchised Business, we will:

1. Provide our site selection guidelines and criteria, and identify sources to obtain demographic information on proposed sites. (Franchise Agreement, Section 5.A)

2. Provide to you mandatory and suggested specifications and layouts for a Spa Business, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement, Section 6.A)

3. Approve or disapprove proposed sites within 30 days after our receipt of your completed site evaluation package (if we do not conduct an on-site evaluation of the proposed site) or within 30 days after our on-site evaluation of a proposed site, if applicable. If we do not approve a proposed site in writing during this time period, we will be deemed to have rejected the site. (Franchise Agreement, Section 5.A(5)).

4. Review your construction plans and specifications or other plans before you begin constructing the Franchised Business solely to confirm that your plans and specifications meet our System Standards. (Franchise Agreement, Section 6.A)

5. Supply (or have an Approved Supplier provide) a list of products, supplies and materials that you must purchase prior to opening your CLOVR Life Spa (Franchise Agreement, Section 6.B(6) and 6.B(7))

6. Authorize you to open the Franchised Business. (Franchise Agreement, Section 6.C(2))

7. Provide marketing and promotional (brand) guidelines for the Pre-Sale and Marketing Plan and approve marketing materials you will use. (Franchise Agreement, Section 9.A)

8. Loan you one copy of our Manual, or allow you access to the Manual in an electronic format, which contains information and knowledge that is unique, necessary and material to the System. (Franchise Agreement, Section 10) The Table of Contents for our Manual is attached hereto as Exhibit J. Upon request, you may view the Manual at our home office before you sign your Franchise Agreement. Before your review, you must sign our then-current Confidentiality Agreement (Exhibit D).

9. Conduct our initial training program for you (or your Operating Principal) and your General Manager (the person who is managing the day to day operations) of the Franchised Business at our headquarters. We will also provide a portion of the Initial Training Program (Treatment Protocols—See Item 11) to up to three management level employees (depending upon the services being offered) who will be responsible for training the service provider staff of your Franchised Business. (Franchise Agreement, Section 11.A)

10. Franchisor does not generally own and lease to you the Premises for your Franchised Business.

11. Provide opening assistance to you at the Franchised Business. This assistance will include up to 4 days of on-site training for your staff members. (Franchise Agreement, Section 11.C).

Our Obligations after Opening

After you open your Franchised Business, we will:

1. Collect, administer and spend for advertising and promotional purposes monies paid by franchised and company-owned CLOVR Life Spas into the Advertising Fund, while the Advertising Fund is in existence. (Franchise Agreement, Section 9.D)

2. Provide marketing and promotional (brand) guidelines for local store marketing, and provide samples of advertising, marketing, and promotional formats and materials. (Franchise Agreement, Section 9.E)

3. We may change or modify the System, including modifications to the Manual, the System and the System Standards. Changes to the System and/or System Standards may be communicated to you in conjunction with amendments to the Manual or through regular, routine or specific communications delivered by us. (Franchise Agreement, Section 10)

4. Provide additional training for you (or your Operating Principal), your managerial personnel, training personnel or other previously trained and experienced staff members. (Franchise Agreement, Section 11.D)

5. Provide ongoing advice and consultation to you regarding the operation of the Franchised Business through the Manual, bulletins or other written materials, electronic media, meetings, seminars, conferences, and telephone or in person conversations at our office or the Franchised Business. (Franchise Agreement, Sections 11.D and 11.E)

6. Provide you with a list of Approved Brands, Approved Suppliers and/or Designated Suppliers. (Franchise Agreement, Section 12.B)

7. Conduct Inspections of the Franchised Business as we deem appropriate and necessary. (Franchise Agreement, Section 12.E)

8. Provide you with suggested retail prices for products and services offered at your CLOVR Life Spa. We may periodically impose maximum price that you may charge for services or products. If we impose such a maximum price for any service or product, you may charge any price for the product or service up to and including the maximum price we impose. (Franchise Agreement, Section 12.L).

We do not assist you with any activities related to hiring your employees (other than our assistance in training your staff as described in this Item 11) or with your administrative or accounting functions (except to the extent that the Technology System provides such services or functions.) We will train you on CLOVR Life Spa protocols and procedures, however processes related to specific employment practices at your CLOVR Life Spa must be done by you.

Site Inspections

We intend to conduct regular visits to your CLOVR Life Spa Franchised Business to review and discuss the operations, marketing, safety, finance, maintenance and possible repairs of the Franchised Business. The visits will be conducted by us or a third party retained by us and will be completed at least one time a year. The timing of the visits will be determined by us in our sole discretion. During each visit our representative will complete a report that provides a recap of the visit as well as a final score associated with whether or not you meet the required standards of running a Spa Business. A copy of this report will be given to you and filed at our corporate office.

Advertising

Pre-Sale and Marketing Plan

During the 2-month period prior to opening the Franchised Business and the 2-month period after you open your Franchised Business, you must spend no less than $10,000 to advertise and promote the Franchised Business (the "Pre-Sale and Marketing Plan"). All advertising and promotion used for the Pre-Sale and Marketing Plan must comply with our advertising and promotional guidelines. The expenditures for the Pre-Sale and Marketing Plan are in addition to your Advertising Fund contributions but are considered a part of your Local Store Marketing after opening the Franchised Business.

The Advertising Fund

CLOVR Life Spas have a distinct culture and the image of the System and CLOVR Life Spas is an important element of the System. We have established an advertising and marketing fund ("Advertising Fund") for the enhancement and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate.

Currently, you must make a contribution to the Advertising Fund in an amount equal to 1% of your Gross Sales per fiscal period. We may increase your periodic contribution to the Advertising Fund upon written notice to you. We may increase this contribution to an amount not to exceed 2% of the Gross Sales of your CLOVR Life Spa. CLOVR Life Spas operated by us and our affiliates also will contribute to the Advertising Fund on the same basis as comparable franchisees. From time to time, we or our suppliers may deposit into the Advertising Fund any rebates or similar allowances paid to us by our suppliers although we have no obligation to do so.

We did not collect or expend any Advertising Fund income during 2019.

We have sole discretion to use the Advertising Fund, and the monies in the Advertising Fund, for any purpose that we believe will enhance and protect the System and Marks and will improve and increase public recognition and perception of the System and Marks. We will direct (or hire a third party to direct) all programs that the Advertising Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement, allocation and coverage (which may be national, regional or local). Our in-house marketing department may prepare or work with advertising agencies to prepare the advertising materials for the Advertising Fund.

You must participate in all advertising, marketing, social media, promotions, research and public relations programs and national marketing programs (charitable or otherwise) events instituted by us or the Advertising Fund. Among the programs, concepts, and expenditures for which we may utilize the Advertising Fund monies are: **(a)** creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and promotional materials; **(b)** creative development, preparation, production and placement of video, audio, and written materials and electronic media; **(c)** media placement and buying, including all associated expenses and fees; **(d)** administering regional and multi-regional marketing and advertising programs; **(e)** market research and customer satisfaction surveys, including the use of secret shoppers; **(f)** the development and production of premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; **(g)** creative development of new program offerings for CLOVR Life Spas; **(h)** creative development of signage, posters, and individual Spa Business décor items including wall graphics; **(i)** recognition and awards events and programs; **(j)** system recognition events, including periodic national and regional conventions and meetings; **(k)** website, extranet and/or intranet development and maintenance; **(l)** development, implementation, and maintenance of an electronic commerce website and reservation system and/or related strategies; **(m)** retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and **(n)** social media platform development and management; and **(o)** public relations and community involvement activities and programs. All advertising and promotional materials developed by the Advertising Fund will be made available to you through us or an Approved Supplier. We will not use the Advertising Fund for the direct solicitation of franchisees, however, advertising and promotional materials may state that information regarding owning a CLOVR Life Spa is available through our website or telephone number.

We will account for the Advertising Fund separately from our other funds; however, we will not be required to segregate any Advertising Fund monies from our other monies. We will not use the Advertising Fund monies for any of our general operating expenses. We and our affiliates may be reimbursed by the Advertising Fund for administrative expenses directly related to the Advertising Fund's marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Advertising Fund. We may use the Advertising Fund to pay the administrative costs of the Advertising Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Advertising Fund, and we may use the Advertising Fund to pay the reasonable salaries and benefits of personnel (including our personnel and our affiliates' personnel) who manage and administer the Advertising Fund. We may use the Advertising Fund to pay for other administrative costs, travel expenses of personnel while they are on Advertising Fund business, meeting costs, overhead relating to Advertising Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Advertising Fund and its programs.

The Advertising Fund will not be our asset. Although the Advertising Fund is not a trust, we will hold all Advertising Fund contributions for the benefit of the System, and use contributions only for the purposes described in the Franchise Agreement. We will not have any fiduciary obligation to you for administering the Advertising Fund or for any other reason. The Advertising Fund may spend in any fiscal year more or less than the total Advertising Fund contributions in that year, borrow from us or others (paying reasonable interest not to exceed the prime rate at the time the Advertising Fund borrows money from us) to cover deficits, or invest any surplus for future use. We will use all interest earned on Advertising Fund contributions to pay for the administrative costs of the Advertising Fund before using the Advertising Fund's other assets.

We will, upon your request, prepare an annual, unaudited statement of Advertising Fund's collections and expenses within 120 days after our fiscal year end, which is available for your review. We may have the Advertising Fund audited annually, at the Advertising Fund's expense, by an independent certified public accountant. We may incorporate the Advertising Fund or operate it through a separate entity whenever we deem appropriate.

We intend to use the Advertising Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although we may use the Advertising Fund, or portions of the monies in the Advertising Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all CLOVR Life Spas, we cannot and do not ensure that Advertising Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Advertising Fund contributions by CLOVR Life Spas operating in that geographic area. We do not guarantee or assure that you, your Franchised Business or any CLOVR Life Spa Business will benefit directly or in proportion to your Advertising Fund contribution from the brand enhancement activities of the Advertising Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

We may use collection agents and institute legal proceedings to collect Advertising Fund contributions at the Advertising Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Advertising Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to the Advertising Fund.

We may at any time defer or reduce contributions of a Spa Business franchisee to the Advertising Fund and, upon 30 days' prior written notice to you, reduce or suspend Advertising Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, subsequently reinstate) the Advertising Fund. If we terminate the Advertising Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Advertising Fund contributions during the preceding 12-month period.

We do not currently have a franchisee council. We may, in the future, establish a council of franchisees. Once established, any franchisee council will serve only in an advisory capacity and will have no operational or management authority. We may dissolve or change the makeup of a later formed council at any time.

Local Advertising and Promotion

You will develop, on an annual basis, a marketing plan for the Franchised Business. You must comply with all requirements regarding the marketing plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, participation in and use of approved online and social media networks and tools, and compliance with all promotional recommendations and guidelines. After opening your Franchised Business, in addition to your Advertising Fund contribution, you must spend the greater of $1,500 or four percent (4%) of Gross Sales per month throughout the Term of your Franchise Agreement on Local Store Marketing (which amount may be modified by us from time to time in accordance with Section 9.B of the Franchise Agreement). If there are other CLOVR Life Spas in your market area, we may require that you spend a portion of your Local Store Marketing expenditures cooperatively with us and/or other franchisees in your market area.

We may audit your Franchised Business if we believe, in our sole discretion, that you have not expended the required amount of money on Local Store Marketing. If our audit reveals that you are not expending the requisite amount, you must repay us the costs and expenses incurred in auditing your Franchised Business. In addition, if you fail to expend on an annual basis, the required amount, then you must contribute to the Advertising Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after completion of our audit of your Franchised Business.

Your local advertising and promotion materials must follow our guidelines, which may include, among other things, requirements for the use of the Marks and notices of our website's domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local advertising and promotional materials and you will be required to pay those third parties for their services without any offset to your required Local Store Marketing expenditures. We may require you to participate in company marketing initiatives including utilization of certain social media platforms (See Social Media below). Your use (as well as the use of your employees in conjunction with their employment or involving the Marks or facilities) of any social media platforms must be consistent with our guidelines for use of social media that we will provide you and amend from time to time. You may not develop, maintain, or authorize any website or other online presence that mentions or describes us, you or the Franchised Business or displays any of the Marks without our express written consent. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

You may purchase local advertising and promotion materials from us or any source approved by us.

Periodically, we will provide to you samples of advertising, marketing, and promotional formats and materials at no cost. If you purchase these materials from us, in addition to paying the invoice cost of the materials, you must pay any related shipping, handling, and storage charges. If purchased from a source other than us or our affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and promotion promulgated from time to time by us and must be submitted to us or our designee at least 10 days prior to first use for approval which we may grant or withhold in our sole discretion. If we do not approve your submission within 10 days after the day we received the materials, we will be deemed to have not approved the materials.

Promotional, Loyalty and Discount Programs

You must participate in and honor the terms of any discount, loyalty or promotional program (including gift card, loyalty, and discount programs) that are applicable to the CLOVR Life Spa System as a whole that we offer to the public on your behalf and shall be responsible for the fees payable in conjunction with the operation of these programs. You agree that you will take all action necessary (including the supply to us of all information and the purchase of any supplies, equipment or services) to participate in any discount or promotional programs.

Social Media

You must set up (and grant us primary administration rights) for social media accounts 60 days prior to the opening of your CLOVR Life Spa. Required social media accounts include Facebook, Yelp, Instagram and other social media platforms to assist in the initial promotion of your Spa Business. We reserve the right to add additional social media platforms in the future. You must identify us as a primary administrator and provide us with primary administration rights for any social media or digital marketing accounts that you use in conjunction with your Franchised Business. You must get our written approval to use any social media platform other than the preapproved social medial platforms set up for you prior to the opening of your CLOVR Life Spa. You must also insure that your employees are aware of our social media policies and comply with such policies.

We may, at any time, upon written notice to you, require you to retain a Designated Supplier of social media, public relations, and digital marketing services ("Social Media Services"). There may be a fee payable to such Designated Supplier in connection with Social Media Services. You will be required to retain and utilize such Designated Supplier(s) upon written notice from us.

We may organize and schedule national promotions that we identify on our CLOVR Life Spa national marketing calendar (“National Promotions”). National Promotions may include, but are not limited to, charity events, price promotion (limited time deals and offers) and business segment drivers (events, open houses, charity promotion). You must participate in all National Promotions. Participation will require you, at a minimum, to display/utilize related marketing materials at your CLOVR Life Spa, advertising the National Promotions promoting all National Promotions on local website(s) and through approved social media platforms.

Regional Co-op Funds

We may, in our sole discretion, establish a regional advertising cooperative (“Regional Co-op Fund”) in any Designated Market Area (“DMA”). We may also change, dissolve or merge Regional Co-op Funds. The Regional Co-op Fund shall be organized and governed in a form and manner and shall commence operations on a date, approved in advance by us in writing. We may, if we so elect, prepare bylaws to be used by the Regional Co-op Fund and may require the Regional Co-op Fund to incorporate. **As of the date of this disclosure document, we do not have any Regional Co-op Funds.** Once a Regional Co-op

Fund is established in a DMA in which the Franchised Business is located, you shall become a member of such Regional Co-op Fund upon commencement of operation of the Franchised Business if the Regional Co-op Fund is in existence at that time, or no later than 30 days after the date on which the Regional Co-op Fund commences operation. In no event shall you be required to be a member of more than one Regional Co-op Fund with respect to the Franchised Business. If a Regional Co-op Fund has been established in your DMA, you shall contribute the amount established, from time to time, by the Regional Co-op Fund for its members ("Co-op Contribution") provided that a Regional Co-op shall not be authorized to require you to contribute more than two percent (2%) of Gross Sales. You shall submit your Co-op Contribution to the Regional Co-op Fund monthly, together with such statements or reports as may be required by us (or by the Regional Co-op Fund with our prior written approval). The regional cooperative shall be required to deliver monthly annual statements to each of its members and the Franchisor highlighting the collection and use of Regional Co-op Funds. Monies in the Regional Co-op Fund may be spent for the purposes determined by a majority vote of the Regional Co-op Fund. We shall be a member of any Regional Co-op Fund and be entitled to attend and fully participate in Regional Co-op Fund meetings; however, we shall not have a vote unless we or our affiliates operate a Spa Business in the area covered by the Regional Co-op Fund. Any company owned CLOVR Life Spas in a DMA will contribute to the Regional Co-op Fund in the same manner as franchised CLOVR Life Spas.

We have the right to periodically re-allocate and/or increase the amount you contribute to the Advertising Fund, any Regional Co-op and the amount you spend for Local Store Marketing.

Computers, Point of Sale, and Telephone Systems

You must purchase, install and use our required computer equipment, applications, point of sale ("POS"), and communication equipment necessary to operate such systems to our standards (the "Technology System"). Currently, we require you to purchase designated computer hardware (3 to 5 workstations), tablets, receipt printers, credit card readers, barcode scanners, cash drawers, networked laser printers and networked multi-function copier/printer/fax/scanner, data switches, firewalls, and required antivirus software. We will provide you with detailed specifications and policies for all hardware, software, accessories and components of the computer systems, including, but not limited to, specifications for virus protection, data backup, hardware warranties, and installation requirements. The estimated cost to purchase required hardware and software for operation of your CLOVR Life Spa is $22,000 to $28,000.

The Technology System will generate and/or store member, accounting, and point of sale information. You must obtain the Technology System, software licenses, maintenance and support services, and other services related to the Technology System from the suppliers we specify (which may be limited to us or our affiliates). We may periodically modify and/or develop technical specifications and/or components of the Technology System. These modifications and/or developments may require you to purchase, lease, license, and/or support new or modified computer hardware and/or software for the Technology System. The Franchise Agreement does not limit the frequency and/or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Technology System failure, upgrade, or related shipping costs. Within 60 days after you receive notice from us, you must obtain the components of the Technology System that we designate and ensure that the Technology System, as modified, is functioning properly. Any upgrades, updates, maintenance or support during the initial years after you purchase your Technology System should be covered by the standard manufacturers' warranty. Except as otherwise disclosed in this Section, including the support contract described below with respect to the POS, we are unaware of any required or optional maintenance, updating, upgrading or support contracts.

You will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and various general and Microsoft updates for the Technology System; (2) the manner in which your Technology System interfaces with our computer system and those of other third parties; (3) the installation, maintenance and support of the Technology System, although we may from time to time require or recommend third parties to provide these functions; and (4) any and all consequences that may arise if the Technology System is not properly operated, maintained, and upgraded including but not limited to virus and spyware issues.

You must pay us, a monthly Technology Fee. The Technology License Fee provides you access, maintenance and support for required POS software, e-mail service, intranet, and other technology services that we determine, in our sole discretion, to provide to you. Currently, the Technology License Fee is $750 per month. We may increase the Technology License Fee upon thirty (30) days written notice to you.

Local Network, Internet Communication, and Wireless Internet

You are solely responsible for maintaining a local area network ("LAN") in which business operations will be performed and to establish high speed internet access and wireless communications that comply with our System Standards. Your LAN must comply with our System Standards and Payment Card Industry ("PCI") network security standards.

Franchisor may independently access information from your POS System including sales, discounts, credits and other amounts calculated by the required software programs. There are no contractual limitations on our right to access information from your POS System.

As well as having an understanding of these standards and how they pertain to the day to day operations of your business. Listed below are a brief over view of these standards.

Local Network

You must maintain a PCI compliant LAN for payment processing, reservation system access, sales reporting, and all other general office functions requiring internet access. You will be responsible to ensure that your LAN complies with our System Standards and current PCI Standards including but not limited to: (1) Purchase and maintenance of routing equipment capable of providing multiple VLAN's (Virtual Networks) and firewall or isolate the traffic on each VLAN as directed by PCI Standards; (2)Installation and maintenance of network wiring and faceplates to all necessary areas of your building; (3) Regular maintenance and testing of routing equipment for PCI security standards.

Internet Communication

You are required to maintain high speed internet access during normal business hours for regular business use. The internet speed should be sufficient for normal business use. At a minimum, you will be required to have high speed internet service in your Franchised Business with a minimum speed of 20/5 (20 Megabytes down and 5 Megabytes up.)

Wireless Internet

Wireless internet is permitted for private use or for public guest internet access. All guest wireless must comply with our System Standards and PCI standards to provide safe, clean internet browsing. All wireless traffic must be firewalled from payment processing traffic using PCI complaint methods listed in Local Network Section.

Site Selection

We do not select the site for your Franchised Business. You select the site for your Franchised Business (subject to our approval). If no site has been designated at the time you sign the Franchise Agreement, we will identify your Site Selection Area in the Franchise Agreement. During the Site Approval Period (which is the 90-day period following the date that we sign the Franchise Agreement), you must obtain our approval of the site for the Franchised Business and execute a lease or purchase agreement for the approved site or, we, at our option, may terminate the Franchise Agreement. The Site Approval Period may be extended for an additional 90 days if you, in our sole discretion, make commercially reasonable efforts to identify and secure a Premises for your CLOVR Life Spa during the Site Approval Period but are unsuccessful in securing a suitable location. We have the right to move or modify the Site Selection Area during the Site Approval Period. You should not acquire any interest in a site for your Franchised Business until you have been approved as a franchisee and we have approved the site in writing.

You must submit to us, in the form that we specify, a completed site evaluation package containing a scalable "As-Built" floor plan copy of the existing site plan, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining an ownership or leasehold interest in the site.

Within 30 days after we receive the detailed site evaluation package, we may, in our sole discretion, conduct an on-site evaluation of the proposed site. You must reimburse us for all travel, living and other expenses we incur in conducting any on-site evaluations of your proposed site. We will not charge a fee for the first on-site evaluation that we conduct for a particular Franchised Business, however, if we require, or if you request, any additional on-site evaluations with respect to the same Franchised Business, you will pay to us, in addition to our travel expenses, our then-current site evaluation fee.

We will use reasonable efforts to approve or disapprove the proposed site within 30 days after our on-site evaluation. If we do not approve the proposed site in writing in this time period, we will be deemed to have rejected the site. Our approval or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion. Our rejection of a site is final and the rejected site may not be used for your CLOVR Life Spa.

The lease agreement for your Franchised Business must be for a term of no less than ten (10) years. If you present a lease to us and the term of that lease agreement is less than ten (10) years, we may reject the site and/or the lease agreement. If we reject a lease agreement because the term is less than ten (10) years, you agree that our refusal is reasonable. Your lease agreement must also include a collateral right of assignment that grants us or our affiliates the right, if you default under the terms of your Franchise Agreement or the Lease Agreement, to take over the Lease Agreement and assume operations of your Spa Business.

Our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the site's suitability for a Spa Business or any other purpose. To the contrary, our approval indicates only that, based upon the information provided, we believe that the site meets our then-current site selection criteria. We consider sites on a site-by-site basis and, the site selection criteria that are relevant to a specific site, are likely to differ from site-to-site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we approve fails to meet your expectations. You acknowledge and agree that: **(1)** your submission of a proposed site for our acceptance is based on your own independent investigation of the site's suitability for a CLOVR Life Spa; and **(2)** our site-selection assistance is primarily for our benefit to assure us that we will have a minimally acceptable site upon the expiration or termination of the Franchise Agreement.

Our approval of one or more sites is not a representation or a promise by us that a CLOVR Life Spa at the site will achieve a certain sales volume or a certain level of profitability. Similarly, our approval of one or more sites and our refusal to approve other sites is not a representation or a promise that the approved site will have a higher sales volume or be more profitable than a site that we did not approve. We assume no liability or responsibility for: **(1)** inspections of the site and adjacent areas for asbestos or other toxic or hazardous materials or substances; **(2)** compliance with the ADA; or **(3)** compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the site is free from environmental contamination and in compliance with the requirements of the ADA.

Time Between Agreement Signing and Opening

The typical time from signing the Franchise Agreement to opening the Franchised Business is approximately 9 months. Factors affecting the length of time needed to open the Franchised Business usually include weather conditions, the ability to obtain a lease, financing or building permits, and zoning and local ordinances. We estimate that it will take approximately 9 months to complete construction and build-out of the site after you obtain possession of the Premises for the Franchised Business and obtain all required construction permits, approvals, and liens.

Training

Initial Training Program

Before you open the Franchised Business, you (or a principal of Franchisee if Franchisee is an entity) and your General Manager (the person who is managing the day to day operations) of the Franchised Business must attend and complete, to our satisfaction, our 5-day initial training program, at our home office in Scottsdale, Arizona. The Initial Franchise Fee includes the fees associated with the Initial Training Program for two (2) people. If we have space available in a regularly scheduled program, you also may bring additional employees to the training program at a cost of $500 per person. We offer the initial training program approximately every month at our headquarters in Scottsdale, Arizona. The initial training program must be completed 3-4 months (90-120 days) prior to the opening of your Franchised Business by, at minimum, the Operating Principal, and a General Manager or Spa Manager that you designate (if different than the Operating Principal). You must pay all travel, living and other expenses incurred by you and your employees while attending the training.

If you obtain an operating Spa Business by transfer from another CLOVR Life Spa franchisee, you must complete this initial training program to the satisfaction of the franchisor before you begin operating that business as a Spa Business.

If any individual who is required to receive our certification fails to successfully complete the initial training program and receive our certification, then that individual may repeat the program or you may send a substitute to complete the next available program. We may charge you a tuition fee for substitute, de-certified or additional employees who attend the initial training program. We will charge this tuition fee if you or your employees are not certified, are de-certified, or if you request that we train additional people after we have completed your initial training. We also may require that any replacement managerial and training personnel satisfactorily complete our training programs within 90 days of being designated as managerial or training personnel. Replacement managerial and training personnel may: **(1)** attend the next training program offered by us; or **(2)** be trained by your training personnel, however, they must be reviewed by our field personnel and receive our certification prior to managing the Franchised Business or training your staff. In addition, subsequent to the opening of the Franchised Business, if you hire additional managerial or training personnel, that individual must receive our certification prior to managing the Franchised Business or training your staff. We may decertify any previously certified individual if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification.

Our training will be directed by our Training Manager Christy Kuratko. Mr. Kuratko was the Director of Education at Cortiva Institute, a massage therapy school, in Phoenix, Arizona from May 2015 through July 2019. Ms. Kuratko has been a Licensed Massage Therapist since March 2003.

Training will be conducted by qualified members of our staff or third party trainers designated by us. The minimum level of experience acceptable for our training staff is currently 4 years of relevant experience although we reserve the right to modify this minimum amount in the future.

The full 5-day initial training program is mandatory for all franchisees. We will not authorize your Franchised Business to open (or, for Transfers, begin operating) until you and an adequate number of your employees, as determined by us in our sole discretion, have attended and successfully completed our initial training program. If you already operate a CLOVR Life Spa and you have attended our initial training program during the past 12 months, we may not require you to attend the initial training program.

TRAINING PROGRAM

The following chart summarizes the subjects taught during the initial training program in the operation of a CLOVR Life Spa.

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Orientation: Overview of company history with current and future road map. Define and set expectations between franchisor, regional developer, and franchisee. Review opening timetable expectations, required certification to operate and offer selected services. Overview of support systems.	4	0	Corporate Office, Scottsdale AZ
Service Offerings: Introduction into the CLOVR service line and an introduction to our education partners.	4	4	Corporate Office, Scottsdale AZ
Marketing: Understand who our customer is and how to effectively market to them. Review local store marketing strategies, social media opportunities, Pre-Sale and Marketing Plan and required spend.	2	2	Corporate Office, Scottsdale AZ
POS Review: Overview of system functionality to manage employee and customer records. How to navigate the system to pull data and reports.	2	2	Corporate Office, Scottsdale AZ
Accounting: Understand what metrics are used to determine gross sales and royalty sales as well as liability management. Review chart of accounts and aid in consistency in accounting procedures.	2-4	0	Corporate Office, Scottsdale AZ
Pre-Opening Procedures: Review company intranet and how to navigate through the site.	2-4	2	Corporate Office, Scottsdale AZ
Spa Operations: Introduction into the day to day systems at the spa from managing retail inventory, to understanding reports. Employee management and customer service introduction using data and best practices.	6-8	6	Corporate Office, Scottsdale AZ

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Customer Service and Sales: Review customer care and education. Membership options and service pricing, how to monitor success at the staff level.	6-8	6	Corporate Office, Scottsdale AZ

NOTES:

(1) The primary instructional materials are the Manual and materials provided by third party suppliers, vendors, and affiliates. Our Manual is currently 150 pages long. The Table of Contents of the Manual is attached as Exhibit J to this Disclosure Document.

(2) Our headquarters are located in Scottsdale, Arizona. A majority of the training conducted at CLOVR Life Spa headquarters is classroom training; however, the training may include on-the-job training at a CLOVR Life Spa in Scottsdale, Arizona.

(3) Approved and Designated Suppliers may provide additional training to you with respect to the products that they distribute to you for sale at your CLOVR Life Spa.

Ongoing Training

We may require you (or your Operating Principal), your training personnel and/or other previously trained and experienced staff members to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate. We may also require you to complete additional training if we believe, in our reasonable discretion, that you require additional training to operate your CLOVR Life Spa to our standards. Training courses include periodic conventions, regional meetings, and conferences that we specify. Even if you fail to attend the training, we can charge reasonable registration or similar fees for these courses. You must pay all travel and living expenses incurred by you and your employees during all training courses and programs. We may also require you and your staff members to utilize on-line training programs that we make available to you and your staff members including various on-line manuals and portals.

We require that your replacement training personnel satisfactorily complete our training programs within 90 days of being designated as training personnel. Replacement training personnel must complete our training program (which may be web based for replacement personnel) or may: **(1)** attend the next training program offered by us; or **(2)** be trained by your training personnel, however, they must be reviewed by our field personnel and receive our certification prior to managing the Franchised Business or training your staff.

The Table of Contents for our current Confidential Manual is attached to this Disclosure Document as Exhibit J. There is currently 154 pages in our Confidential Manual.

ITEM 12
TERRITORY

If no site has been designated at the time you sign the Franchise Agreement, you will select the site from within your Site Selection Area that we identify in Exhibit 1 to your Franchise Agreement (the "Premises"). During the Site Approval Period you must obtain our approval of the site for the Franchised Business and execute a lease or purchase agreement for the approved site or, we, at our option, may terminate the Franchise Agreement. We have the right to move or modify the Site Selection Area during the Site Approval Period. The Site Selection Area will be determined on a case-by-case basis considering economic, demographic and geographic information (such as population density) as well as existing site selection areas and/or Protected Areas given to other franchisees. Provided that you are in full compliance with the Franchise Agreement, we and our affiliates will not operate, or license others to operate, CLOVR Life Spas in the Site Selection Area during the Site Approval Period.

Once we have approved the Premises, you will have the right to operate a CLOVR Life Spa at the Premises. If you comply with the Franchise Agreement, we will not, during the term of the Franchise Agreement, operate, or license others to operate a CLOVR Life Spa within a two (2) mile radius from the front door of your CLOVR Life Spa (the "Protected Area"). Notwithstanding the Protected Area defined above, in certain high-density population areas ("High-Density Areas"), the Protected Area will be one half of one mile (1/2 mile). Currently, we consider New York City (including boroughs), San Francisco, Chicago, Boston and Honolulu to be High-Density Areas. Once established, the Protected Area will not be changed.

You will have no right of first refusal or other rights to acquire additional franchises except in conjunction with your execution of a separate franchise agreement. As long as you are in compliance with the terms of your Franchise Agreement, except for the reservation of rights described below, open or allow others to open a CLOVR Life Spa in your Protected Area.

You may solicit and accept orders from customers located outside your Protected Area provided that the services are provided at your CLOVR Life Spa in your Protected Area. Franchisor, its affiliates, and other franchisees may solicit and accept orders from customers located in your Protected Area provided that the services are provided at their CLOVR Life Spa outside of your Protected Area. You may not use the Marks on any Internet domain name, e-mail address or in the operation of any Internet website without our prior written consent. You may not distribute products or services using other channels of distribution except as approved by the Franchisor in writing.

The franchisor does not operate or franchise businesses under a different trademark that will sell goods or services that are similar to the services that you will offer.

The Protected Area will be identified by a map in Exhibit 1 to the Franchise Agreement. In certain areas of the country, the Protected Area may be stated as metes and bounds, zip codes, or other applicable methods of identifying the Protected Territory.

Notwithstanding the grant of a Protected Area, we reserve the right to: **(1)** operate (and license others to operate) any type of business other than a CLOVR Life Spa at any location inside or outside the Protected Area; **(2)** operate (and license others to operate) CLOVR Life Spas located anywhere outside the Protected Area regardless of proximity to the Franchised Business; **(3)** provide, offer and sell (and license others to provide, offer and sell) products that are identical or similar to and/or competitive with those provided at or from CLOVR Life Spas, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, department stores, Internet or similar electronic media) both inside and outside the Protected Area; **(4)** acquire the assets and/or ownership interests of one or more Competing Businesses offering one or more of the Spa Services and franchising, licensing or creating similar arrangements with respect to these businesses once acquired wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area); **(5)** be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competitor that operates Competing Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Protected Area; **(6)** create, place, and/or distribute or authorize others to create, place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Protected Area; and **(7)**. operate, or grant any other Person the right to operate, one or more CLOVR Life Spas within Special Locations inside or outside the Protected Area. “Special Location” means unique or non-traditional marketplaces (such as airports, train stations, colleges and universities, hotels, and casinos) as designated by Franchisor, in its reasonable discretion.

Your rights in the Protected Area also does not limit the operation of CLOVR Life Spas that are under construction or in operation in the Protected Area. We reserve all rights in the Site Selection Area that we reserve with respect to the Protected Area. We do not impose any restrictions on you or other franchisees to provide goods or services to customers that reside outside of your Protected Area.

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.

You may not operate your CLOVR Life Spa at any location other than the Premises and you may not relocate your CLOVR Life Spa without our prior written consent. Our consent may be conditioned upon, among other things: your payment of our reasonable charges actually incurred in connection with consideration of the relocation request; your payment of an agreed minimum Royalty during the period when the Franchised Business is not in operation; and your relocation of the Franchised Business within 6 months after we approve your relocation request.

There are no minimum sales quotas or other conditions that must be met in order to maintain your rights in the Protected Area. We may not modify or terminate your rights in the Protected Area unless you are in default under the Franchise Agreement.

We and our affiliates may merchandise and distribute goods and services identified by the Marks through methods or channels of distribution other than outlets similar to your Franchised Business. We have no obligation to compensate you for any such sales in the Protected Area.

We do not currently intend to operate or license others to operate businesses to sell goods or services that are the same or similar to those that you will sell although we reserve the right to do so in the future. We reserve all rights to use and license the System other than those we expressly grant you under the Franchise Agreement.

ITEM 13
TRADEMARKS

In the Franchise Agreement, we grant you the right to operate the Franchised Business under the name CLOVR” and/or "CLOVR Life Spa" and to use our other current or future Marks that we designate in the operation of your Franchised Business. We have the exclusive right to use and permit our franchisees to use the name and mark ‘CLOVR” and "CLOVR Live Spa" in addition to certain related trademarks, service marks and other commercial symbols in the development and support of franchises throughout the United States.

Brancap, LLC is the registered owner of the following principal Marks with the United States Patent and Trademark Office (“PTO”) on the Principal Register, and all required affidavits of continued use have been filed and accepted:

Mark	International Class	Registration No.	Registration Date

CLOVR	**044**	**5969342**	**January 21, 2020**

Brancap, LLC is the owner of the following trademark applications pending before the PTO:

Mark	International Class	Serial No.	Status	Application Date
CLOVR Life Spa	**044**	**88674202**	**Approved and Published for Opposition**	**October 30, 2019**

There is a license agreement between Brancap, LLC and Spa Acquisitions, LLC dated April 15, 2019 that authorizes us to offer franchises using the CLOVR and "CLOVR Life Spa" names. The license agreement with Brancap, LLC is perpetual but is limited to offering franchises to third party franchisees. Franchisor is obligated under the terms of the license agreement to exercise reasonable quality control over its franchisees and to require its franchisees to meet the following minimum quality control standard and specifications established by Brancap. In addition, CLOVR Life Spas operated under the Mark must: (i) be maintained in good order and repair; (ii) be kept clean; (iii) have an attractive appearance; (iv) be well-stocked; and (v) be operated in a reputable manner so as not to cause damage to the reputation or image of Brancap or the Mark.

Except for the registrations identified above, there are no other effective determinations of the PTO, of the Trademark Trial and Appeal Board, or of the trademark administrator of any state or court. Neither are there any pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks that are relevant to their use. Other than as described above, there are no agreements currently in effect that significantly limit our rights within the United States, to use, or license the use, of the above mentioned Marks in any manner material to the franchise.

You will follow our rules when you use the Marks. You may not use any Mark as part of your corporate or legal business name or with modifying words, terms, designs, or symbols (except for those we license to you). You may not use any Mark in selling any unauthorized services or products or in any other way we have not expressly authorized in writing.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. In the event of an infringement, challenge, or claim, you may not communicate with any person other than our attorneys, your attorneys, and us. We may take the action we deem appropriate and control exclusively any litigation, PTO proceeding, or any other administrative proceeding from the infringement, challenge, or claim or otherwise concerning any Mark. You will sign any documents and take any action that, in the opinion of our attorneys, protects and maintains our interests in any litigation or PTO or other proceeding.

Provided that you have timely notified us of the claim or proceeding and complied with the Franchise Agreement, we will reimburse you for all damages you suffer in any trademark infringement proceeding from your authorized use of any Mark, and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named a party. We may, at our option, defend and control the defense of any proceeding from your use of any Mark.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you will comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing trademarked items. However, we need not reimburse you for any loss of revenue due to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

You may not use the Marks on any Internet domain name, e-mail address or in the operation of any Internet website without our prior written consent. We may grant or withhold our consent in our sole discretion and may condition our consent on such requirements as we deem appropriate, including, among other things, that you obtain our prior written approval of: **(1)** any and all Internet domain names and home page addresses related to the Franchised Business; **(2)** the proposed form and content (including any visible and non-visible content such as meta-tags) of any website related to the Franchised Business; **(3)** your use of any hyperlinks or other links; **(4)** your use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has an ownership interest; and **(5)** any proposed modification of your website. We may designate the form and content of your website and/or require that any such website be hosted by us or a third party designated by us, using one or more websites that we own and/or control. In addition, we may require you to establish hyperlinks to our website or another website designated by us. We may charge you a fee for developing, reviewing and approving your website and/or for hosting the website.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents that are material to your Franchised Business or the System. We claim trade secret and copyright protection for our Manual, trade dress, and certain business forms, architectural, engineering and construction plans, advertising materials, product specifications, computer programs, newsletters, training materials and operations and accounting materials. We have not registered those materials with the United States Registrar of Copyrights. You may use these items only in the way we specify and only while operating your Franchised Business.

The Manual and these other materials contain the System Standards, which include mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Spa Business and information on your other obligations under the Franchise Agreement. Our Manual and other materials also contain Confidential Information (as defined below) including the instructions, methods, and techniques used in the key management areas of CLOVR Life Spas including: marketing and promotion, daily operations, personnel, and financial management. We may modify the Manual periodically to reflect changes in System Standards. The contents of the Manual are confidential and you may not disclose the Manual to any person other than employees of the Franchised Business who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. If your copy of the Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us, for which we may charge you our then applicable printing or copying charge.

We do not have any copyright licenses that are material to the franchise. We do not actually know of any infringing uses that could materially affect your use of these materials in any state. We need not protect or defend copyrights, although we intend to do so when this action is in the best interest of the System.

We possess certain confidential information, some of which constitutes trade secrets under applicable law ("Confidential Information"), relating to the development and operation of CLOVR Life Spas. The

Confidential Information includes, among other things: site selection criteria; service techniques, beauty product formulas, marketing techniques, management and operation systems and other products, systems, services; training and operations materials and manuals; and marketing and advertising programs. You do not acquire any interest in the Confidential Information, other than the right to use the Confidential Information as we specify in operating the Franchised Business during the term of the Franchise Agreement. The Confidential Information is proprietary to us. You cannot use the Confidential Information in any unauthorized manner or disclose it to any third person, except as we permit. If we permit you to disclose any Confidential Information to a third party we can require that the third party sign a confidentiality and nondisclosure agreement, in the form we specify.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Management structure is a crucial element in the operation of a Spa Business. If you are an Entity, you must designate and retain an individual (which may be one of your owners) to serve as your "Operating Principal". The Operating Principal is identified in Exhibit 4 to the Franchise Agreement. The Operating Principal, at all times, must have at least a 10% equity ownership interest in the Franchisee and must be responsible for overseeing and supervising the operation of the CLOVR Life Spa. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person that we will recognize as having authority to communicate for and on your behalf. You may not change the Operating Principal without our prior written consent. You or your Operating Principal will be responsible for overseeing and supervising the operation of the Franchised Business. If your Operating Principal does not meet our qualifications and requirements regarding experience in the spa industry, you will be required, prior to opening your CLOVR Life Spa for business, to retain a General Manager that meets our qualifications and requirements. Our qualifications and requirements are identified in our Confidential Manual. If you or your affiliates own or control more than four franchised CLOVR Life Spas, you must hire a Multi-Unit Manager (which may be you or your Operating Principal), upon the opening of your fifth franchised Spa Business. The Multi-Unit Manager will be responsible for the management and operation of your CLOVR Life Spas.

Your Operating Principal must hold at least 10% ownership interest in the franchise (or the franchisee entity if the franchise is owned by an entity) and successfully complete our initial training program (Item 11). The Operating Principal must be the primary manager of your CLOVR Life Spa. He or she may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments, or that may otherwise conflict with the Operating Principal's obligations under the Franchise Agreement. You must also designate a general manager (the "Business Manager") of your CLOVR Life Spa. The Operating Principal may serve as the Business Manager but we do not require that the Business Manager have an ownership interest in the franchise. The Business Manager will exert full-time efforts to your obligations under the Franchise Agreement and will not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments, or that may otherwise conflict with your obligations under the Franchise Agreement, if the relationship of the Business Manager to you terminates or materially changes, you agree to promptly designate a replacement Business Manager, and the Operating Principal must assume all of the obligations of the Business Manager during the interim period. The initial Business Manager must successfully complete our initial training program before your CLOVR Life Spa opens for business. Any replacement Business Manager must complete our initial training program before engaging in any business pertaining to your CLOVR Life Spa. You must pay the charges that we establish for training programs furnished to any individual who replaces a previously trained Business Manager. System Standards may regulate your CLOVR Life Spa's staffing levels and employee qualifications, training, dress and appearance, and we can require the Business Manager and other employees having access to our Confidential Information to sign Confidentiality Agreements (See Item 14.). Our current form of Confidentiality Agreement is attached as Exhibit D. The Operating Principal is the only person that we will recognize as having authority to communicate on behalf of the Franchisee.

You (or your Operating Principal) must remain active in overseeing the operations of the Franchised Business, including, without limitation, regular, periodic visits to the Franchised Business and sufficient communications with us to ensure that the operations of the Franchised Business comply with the System Standards promulgated by us from time to time in the Manual or otherwise in written or oral communications to you. You (or your Operating Principal) will not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business. You have the sole responsibility for recruiting, hiring, and training employees for the Franchised Business. Before you hire any employee for the Franchised Business, you must require that employee to sign a non-disclosure and confidentiality agreement in the form we specify.

We will require that any owner of a 5% or more interest in the Franchisee sign a personal guaranty undertaking to be bound by the provisions of the Franchise Agreement. The form of guaranty that your owners must sign is included in Exhibit 5 to the Franchise Agreement. Your spouse will be required to sign a personal guaranty (or acknowledge and consent to your execution of a personal guaranty).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Franchised Business solely for the operation of a Spa Business and must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Franchised Business at its maximum capacity and efficiency for the minimum number of days and hours as we specify in the Manual or otherwise in writing. Currently, we require all CLOVR Life Spas to be open at least 6 days and 60 hours per week.

You must offer and sell all of the products and services that we periodically require and only in the manner we have prescribed. You may not offer any products or perform any services that we have not authorized. You will discontinue selling and offering for sale any service or product that we disapprove in writing. All products will be offered and sold only at retail (not wholesale) and from the Premises. Our System Standards may regulate required or authorized products, services and service categories and supplies. There are no limits on our right to periodically change required and/or authorized products, services, and service categories, and we may do so at our discretion.

We do not limit the customers to whom you can offer services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	4.A	Ten (10) years from the date that your CLOVR Life Spa opens for business.
b. Renewal or extension of the term	4.B	When the Franchise Agreement expires, you will have the option to request the right to remain a franchisee at the Premises for two successor terms of five (5) years each.
c. Requirements for you to renew or extend	4.B	You must give us written notice of your election to remain a franchisee at the Premises not less than 9 months, nor more than 12 months, before the end of the Initial Term; You must pay us the Successor Franchise Fee; Neither you nor any of your affiliates are in default under the Franchise Agreement or any other agreements with us or our affiliates; You must have the right to remain in possession of the Premises (or, another location acceptable to us) for the successor term; You must renovate and update your CLOVR Life Spa to reflect the then-current image of CLOVR Life Spas; You must correct any existing deficiencies of your CLOVR Life Spa or in your operation of your CLOVR Life Spa; You must sign, and your owners and all guarantors of your obligations under the Franchise Agreement must personally guarantee, our standard form of Franchise Agreement that we are then offering to new franchisees; and You, and your owners and guarantors of your obligations under the Franchise Agreement must sign a general release. You may be asked to sign a franchise agreement with materially different terms than the original franchise agreement.
d. Termination by you	19.A	Franchisee may terminate this Franchise Agreement upon the material default by Franchisor of one or more provisions of this Franchise Agreement provided that the Franchisee provides written notice of the default to Franchisor along with no less than sixty (60) days to cure the default.
e. Termination by us without cause	N/A	N/A
f. Termination by us with cause	19.B-19.D	Franchisor may terminate the Franchise Agreement with cause. Certain defaults require written notice and the expiration of a cure period while others do not require a cure period.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	19.C, 19.D	(1) Except for those items listed in Section 19.B and 19.C(2), you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us (2) If you default in the payment of any monies owed to us or our affiliates when such monies become due and payable and you fail to pay such monies within 5 days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date
h. "Cause" defined – non-curable defaults	19.B	• You: (i) do not locate, and sign a Lease or acquisition document for, a site approved by us for the Premises; or (ii) comply with the terms of Section 6/D(1) of the Franchise Agreement within 12 months of the Effective Date of the Franchise Agreement; • you do not open your CLOVR Life Spa within the time period prescribed in Section 6.D of the Franchise Agreement; • you abandon or fail actively to operate your CLOVR Life Spa unless you close your CLOVR Life Spa for a purpose we approve in writing or because of Force Majeure; • you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; • there is a material breach by you of any covenant or obligation set forth in Section 18 of the Franchise Agreement; • any Transfer that requires our prior written approval occurs without your having obtained that prior written approval; • we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a Franchise to you; • you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us; • if an incident occurs at your Franchised Business that involves one of your employees and we discover that you did not conduct adequate due diligence and criminal background checks on that employee; • we make a reasonable determination that continued operation of your CLOVR Life Spa by you will result in an imminent danger to public health or safety; • you lose the right to occupy the Premises; • you, the Operating Principal, your Manager or any of your owners are convicted of, or plead no contest to, a felony

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the our sole opinion, to adversely affect us, our affiliates, the goodwill associated with the Marks, or the System; • you, or your Operating Principal, and/or any management personnel of your CLOVR Life Spa do not satisfactorily complete the initial training program; • you understate the Gross Sales of your CLOVR Life Spa for any period by 2% or more 3 or more times during any 3-year period, or by more than 5% on any one occasion, • your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; • you or your owners: (i) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (ii) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your CLOVR Life Spa; (c) remain in default beyond the applicable cure period under any contract with any vendor or supplier to your CLOVR Life Spa; or (d) fail to pay when due any taxes or assessments relating to your CLOVR Life Spa or its employees; • you interfere with our relations with other franchisees, third parties and/or negatively impact our ability to operate and/or grant franchises under our System; or • you materially breach any representation or warranty set forth in Section 30 of the Franchise Agreement. • you fail to maintain all insurance policies required by Section 12.J of the Franchise Agreement.
i. Your obligations on termination/non-renewal	7, 18, 20.A	The rights granted to you in the Protected Area immediately will terminate, and we will have the right to operate, or license others to operate, CLOVR Life Spas anywhere in the Protected Area; You and your owners must abide by the post-termination covenants in Section 18 of the Franchise Agreement; you must pay to us and our affiliates all sums due and owing to us and our affiliates; You must immediately discontinue all use of the Marks in connection with your CLOVR Life Spa and of any and all items bearing the Marks; You must immediately cease using any of our Confidential Information;

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		You must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a Spa Business that we request; You must promptly notify the telephone company, all telephone directory publishers, and all domain name registries and internet service providers of the termination or expiration of your right to use any telephone numbers, facsimile numbers, URLs and domain names, or other numbers, names and telephone directory listings associated with any Marks and authorize the transfer of these numbers, names and directory listings to us or to a third party, and If we do not have or do not exercise an option to purchase the assets of Franchised Business you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise).
j. Assignment of contract by us	15	We have the absolute, unrestricted right, exercisable at any time, to change our ownership or form and/or transfer and assign all or any part of our rights and obligations under the Franchise Agreement to any person or legal entity without your consent. After our transfer or assignment of the Franchise Agreement to a third party who expressly assumes the obligations under the Franchise Agreement, we no longer will have any performance or other obligations under the Franchise Agreement.
k. "Transfer" by you - defined	16.A	The sale, assignment, transfer, conveyance, give away, pledge, mortgage, or encumbrance of any interest in you, the Franchise Agreement, the Franchise, your CLOVR Life Spa, the assets of your CLOVR Life Spa, the Premises, the Lease or any other assets pertaining to your operations under the Franchise Agreement.
l. Approval of transfer by us	16.B	You must satisfy the conditions detailed in Section 16.B before a transfer of the Franchised Business will be approved.
m. Conditions for approval of transfer by us	16.B	• the proposed transferee meets our then-current standards for new franchisees and has sufficient business experience, aptitude, and financial resources to operate your CLOVR Life Spa; • you have paid all amounts owed to us, our affiliates, and third party vendors and suppliers, have submitted all required reports and statements, and are not in violation of the Franchise Agreement; • neither the proposed transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competing Business; • the proposed transferee (or its Operating Principal) satisfactorily completes our initial training program (and any

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		other required training programs we require) and pays any then-current training fees; • the proposed transferee has demonstrated an ability to obtain possessory rights in the Premises; • you have corrected any existing deficiencies of your CLOVR Life Spa of which we have notified you, and/or the proposed transferee agrees to upgrade, remodel, and refurbish your CLOVR Life Spa in accordance with our then current requirements and specifications for CLOVR Life Spas within the time period we specify; • if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your CLOVR Life Spa are subordinate to the transferee's obligation to pay Royalties, Advertising Fund contributions, and other amounts due to us, our affiliates, and third party suppliers and vendors and otherwise to comply with the Franchise Agreement; and • you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees, and agents. • you modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed transfer.
n. Our right of first refusal to acquire your business	16.G	We have the right, exercisable within 10 days after receipt of the notice specified in Section 16.B(1) to send written notice to you that we intend to purchase the interest proposed to be transferred.
o. Our option to purchase your business	21	Upon the expiration or termination of the Franchise Agreement for any reason, we will provide written notice to you if we intend to exercise our option to purchase from you some or all of the assets used in your CLOVR Life Spa
p. Your death or disability	16.D	The Franchise may be transferred following the death or permanent incapacity (as reasonably determined by us) of one of your owners, that person's executor, administrator or other personal representative provided that the transferee must apply to us in writing within 90 days after death or declaration of disability for consent to Transfer this person's interest to a third party that we have approved. We do not charge a Transfer fee under Section 16.D. That Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or disability, and is subject to all of the terms and conditions in Section 16. A failure to Transfer your interest in the Franchise Agreement or the Operating Principal's

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		ownership interest in you within this time period will constitute a breach of the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	18	During the term of the Franchise Agreement Franchisee and its owners will not, either directly or indirectly: • own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competing Business; or • divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any Spa Business to a Competing Business. During the term of the Franchise Agreement, there is no geographical limitation on the restrictions contained in Section 18 of the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	18	Upon termination or expiration of the Franchise Agreement, the covenants will apply during the "Restricted Period" in the geographic area described in Section 18.B(4) of the Franchise Agreement. The “Restricted Period” shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated. During the Restricted Period, the covenants will apply at the Premises; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Spa Business in operation or under construction on the later of: (i) the date of the termination or expiration of the Franchise Agreement; or (ii) the date on which all persons restricted by Section 18.B. of the Franchise Agreement begin to comply.
s. Modification of Agreement	26	Except as expressly set forth in the Franchise Agreement, no amendment, change or variance from the Franchise Agreement will be binding on either party unless mutually agreed to by you and us and executed in writing
t. Integration/merger clause	26	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Any integration clause does not have the effect of disclaiming any information provided in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	27.A	Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below)
v. Choice of forum	27.C	You may file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your CLOVR Life Spa is or was located, or where the claim arose. (Subject to applicable state law)
w. Choice of law	27.B	Arizona law applies except to the extent that the claims are governed by the Lanham Act or other federal law (subject to applicable state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote CLOVR Life Spas, although we reserve the right to do so in the future.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John Fechter, Chief Executive Officer, Spa Acquisitions, LLC, 100 E Camelback Rd Suite 144, Phoenix, AZ 85012, (888) 778-6747 (main), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1*
System wide Spa Business Summary
For Years 2017 to 2019

Business Type	Year	Businesses at Start of the Year	Businesses at End of the Year	Net Change
Franchised CLOVR Life Spas	2017	0	1	+1
	2018	1	`3	+2
	2019	3	3	0
Company Owned CLOVR Life Spas	2017	1	1	1
	2018	1	1	0
	2019	1	0	-1
Total Outlets	2017	1	2	+1
	2018	2	4	+2
	2019	4	3	-1

Table No. 2*
Transfers of CLOVR Life Spas from Franchisees to New Owners
For years 2017 to 2019

State	Year	Number of Transfers
N/A	2017	N/A
N/A	2018	N/A
N/A	2019	N/A

Table No. 3*
Status of Franchised CLOVR Life Spas
For years 2017 to 2019

State	Year	Businesses at Start of Year(3)	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Businesses at End of Year(4)
AZ	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
FL	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	1	2	0	0	0	0

State	Year	Businesses at Start of Year(3)	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Businesses at End of Year(4)
GA	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	1	0	0	0	0
MN	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
TX	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	1	0
Total	2017	0	1	0	0	0	0	1
	2018	1	2	0	0	0	0	3
	2019	3	4	3	0	0	1	3

Table No. 4*
Status of Company-Owned CLOVR Life Spas
For years 2017 to 2019

State	Year	Businesses at Start of Year	Businesses Opened	Businesses Reacquired from Franchisees	Businesses Closed	Businesses Sold to Franchisees	Businesses at End of Year
CA	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	1	0	0
Total	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	1	0	0

NOTES FOR TABLE NOS. 1 - 4:

The numbers for 2017 to 2019 are as of December 31 of each year.

Exhibit I includes a list of all franchisees who have signed a Franchise Agreement, but who have not yet opened a Franchised Business.

Exhibit I includes a list of the name, address and telephone number of the franchisees who had a Franchise Agreement terminated, canceled or not renewed or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement (including any transfer) during our last fiscal year or who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

Exhibit I identifies the name of our franchisees, if any, their locations and telephone numbers as of the issuance date of this disclosure document. If you buy a CLOVR Life Spa franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Table No. 5
Projected Openings
As of December 31, 2019

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets In Fiscal Year 2020	Projected New Company Owned Outlets In Fiscal Year 2020
AL	1	0	0
AZ	1	1	0
CA	0	1	0
CO	0	0	0
FL	0	0	0
GA	0	0	0
IL	0	0	0
LA	0	0	0
MD	0	0	0
MN	0	0	0
TN	1	0	0
TX	0	0	0
Total	3	2	0

In some instances, franchisees may sign provisions restricting their ability to speak openly about their experience with CLOVR. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. There are currently no confidentiality agreements between CLOVR and any franchisee.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Since our inception, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no current trademark specific franchisee organizations associated with the franchise system.

ITEM 21
FINANCIAL STATEMENTS

The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule. Exhibit F includes: (i) an audited opening balance sheet for Spa Acquisitions, LLC dated March 13, 2019 (restated); and (ii) audited financial statements for Spa Acquisitions, LLC for the period beginning on March 13, 2019 and ending on December 31, 2019. Our fiscal year-end is December 31.

ITEM 22
CONTRACTS

The following contracts are exhibits within this disclosure document:

Exhibit C Franchise Agreement (and Exhibits thereto)

- Exhibit 1-Franchise Information
- Exhibit 2-Collateral Assignment of Lease
- Exhibit 3-EDTA Form
- Exhibit 4-Listing of Ownership Interests
- Exhibit 5-Guaranty and Assumption of Obligations
- Exhibit 6-Listing Assignment Agreement

Exhibit D Confidentiality Agreement

Exhibit E General Release

Exhibit G Addenda Required by Certain States

We also require you to fill out our Compliance Questionnaire before signing the Development Agreement or Franchise Agreement; the current form of Compliance Questionnaire is attached as Exhibit K.

ITEM 23
RECEIPTS

The final two pages of this disclosure document are detachable documents acknowledging your receipt of the disclosure document. If those pages, or any other pages or exhibits are missing from your disclosure document, please notify us immediately.

DIRECTORY OF FRANCHISE REGULATORS AND STATE ADMINISTRATORS,

Federal Franchise Regulators: Federal Trade Commission
Division of Marketing Practices,
Seventh and Pennsylvania Avenues, N.W., Room 238,
Washington, DC 20580
202-326-2970

List of State Administrators

CALIFORNIA:
Department of Business Oversight
1-866-275-2677

Los Angeles
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento
1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205

San Diego
1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco
One Sansome Street, Suite 600
Sam Francisco, CA 94104
(415) 972-8559

HAWAII:
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS:
Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA:
Securities Commissioner
Securities Division, Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND:
Office of the Attorney General, Division of Securities, 200 St. Paul Place, Baltimore, MD 21202-2020, (410) 576-6360

MICHIGAN:
Kathryn Barron
Franchise Administrator Antitrust and Franchise Unit, Consumer Protection Division, Department of Attorney General, 670 Law Building, 525 W. Ottawa Street, Lansing, MI 48913
(517) 373-7117

MINNESOTA:
Commissioner
Department of Commerce
85 7th Place East, Suite #280
St. Paul, MN 55101
(651) 539-1600

NEW YORK:
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005-1495
212-416-8236

NORTH DAKOTA:
North Dakota Securities Department, State Capitol, 5th Floor600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

OREGON:
Div. of Finance & Corp. Securities, Department of Consumer & Business Services, Room 410, 350 Winter Street, NE, Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND:
Department of Business Regulation Securities Division
Bldg. 69, First Floor
John O. Pasture Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9585

SOUTH DAKOTA:
Franchise Administrator
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA:
State Corporation Commission Division of Securities & Retail Franchising, 1300 East Main Street, 9th Floor, Richmond, VA 23219, (804) 371-9051

WASHINGTON:
Securities Division
Department of Financial Institutions, 150 Israel Road, SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN:
Division of Securities Bureau of Regulation & Enforcement, Department of Financial Institutions, 4th Floor, 345 W. Washington Avenue, Madison, WI 53703

Exhibit B
List of Agents for Service of Process

ARIZONA
Gallagher & Kennedy Service Corporation
2575 E. Camelback Road, Suite 100
Phoenix, Arizona 85016

CALIFORNIA
Commissioner of
Department of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 95814

HAWAII
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA
Securities Commissioner
Indiana Secretary of State
201 State House
Indianapolis, IN 46204

MARYLAND
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
410.576.6360

MICHIGAN
Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

MINNESOTA
Minnesota Commissioner of Commerce
85 7th Place East, Suite #280
St. Paul, MN 55101
651-539-1600

NEW YORK
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001

NORTH DAKOTA
Securities Commissioner of North Dakota
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505

OREGON
Director of the Department of Consumer and
Business Services
350 Winter Street NE, Room 410
Salem, OR 97301-3881

RHODE ISLAND
Director of Department of Business Regulation
Securities Division
John O. Pastore Center, Bldg. 69, 1st Floor
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9585

SOUTH DAKOTA
Director
Division of Insurance
Securities Regulation
124 S. Euclid Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA
Clerk, Virginia State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371.9733

WASHINGTON
Director, Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501

WISCONSIN
Wisconsin Commissioner of Securities
Department of Financial Institutions, 4th Floor
345 W. Washington Avenue
Madison, WI 53703

CLOVR LIFE SPA

FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE OF AGREEMENT

____

____

____
BUSINESS ADDRESS

TABLE OF CONTENTS

CLOVR LIFE SPA FRANCHISE AGREEMENT

<u>EXHIBITS TO FRANCHISE AGREEMENT</u>

CLOVR LIFE SPA FRANCHISE AGREEMENT

THIS **FRANCHISE AGREEMENT** ("**Agreement**") is made and entered into as of ___________________ ("**Effective Date**") by and between **SPA ACQUISITIONS, LLC**, an Arizona limited liability company ("**Franchisor**" **"CLOVR Life Spa"** "**we**," "**us**," or "**our**"), and __________________________, a __________ ("**you**" or "**your**" or "**Franchisee"**).

1. PREAMBLES

A. We and our affiliates have invested considerable time, effort, and money to develop a unique system ("System") for the operation of a spa business under the name "CLOVR" and "CLOVR Life Spa" that offers some or all of the following spa services: customized aesthetic and beauty services, professional therapeutic massage, nail care services (manicures and pedicures), skincare, waxing services, and a meditation room (the "Chill Lounge") as well as related retail products in a safe, clean and friendly environment ("Spa Business").

B. The distinguishing characteristics of the System include, without limitation, our interior and exterior design, special décor elements, layout, furnishings, fixtures, color schemes, display units, graphics and designs, signs, quality of equipment and inventory; procedures for operations; proprietary computer software; proprietary skin and aesthetic products, quality and uniformity of services and products offered, staff and customer recruitment and retention programs, local, regional and national events, procedures for management training and assistance, advertising and promotional programs, and business formats, methods, procedures, designs, layouts, standards, and specifications, which we may change, improve and further develop from time to time.

C. We identify the System by the "CLOVR Life Spa" names and marks and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, "Marks"), which we have designated, or may in the future designate, for use with the System.

D. You would like to obtain a license to use the System and the Marks and to operate a franchised Spa Business (a "CLOVR Life Spa" or "Franchised Business") at the location specified in **Exhibit 1** ("Premises"), subject to the terms and conditions of this Agreement and in strict compliance with the high and uniform standards of quality, operations and service established by us for the System ("System Standards").

E. You acknowledge the importance of the System Standards and the necessity of developing and operating your CLOVR Life Spa in strict conformity with this Agreement, the System Standards and the CLOVR Life Spa Manual ("Manual").

F. We are willing to grant to you the opportunity to develop and operate a CLOVR Life Spa at the Premises, subject to the terms and conditions of this Agreement.

2. GRANT OF FRANCHISE

A. **Grant**. Subject to the terms of this Agreement, we grant to you a license ("Franchise") to operate your CLOVR Life Spa at the Premises and to use the System and Marks in the operation of a CLOVR Life Spa. If you have not identified and received our approval of the Premises before you sign this Agreement, the Premises will be identified and included on Exhibit 1 as described in Section 5.A.

B. **Relocation**. You may not operate your CLOVR Life Spa at any site other than the Premises and you may not relocate your CLOVR Life Spa without our prior written consent, which may be withheld by us in our sole discretion. We have the right to charge you for all reasonable expenses that we incur in considering your request.

C. Forms of Agreement. Over time, we have entered and will continue to enter into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

D. Best Efforts. You agree at all times to perform your obligations under this Agreement faithfully, honestly, and diligently, to use your best efforts to promote your CLOVR Life Spa and the System, and to operate your CLOVR Life Spa in accordance with our System Standards.

3. FRANCHISE RIGHTS

A. Your Protected Area. Except as limited by Section 3.B. below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate, or license others to operate CLOVR Life Spas in the geographic area identified and describe in Exhibit 1 as your Protected Area (the "Protected Area") during the term of this Agreement. The Protected Area granted to you will be a geographic area including a two (2) mile radius measured from the front door of your CLOVR Life Spa. Notwithstanding the Protected Area defined above, in certain high-density population areas ("High-Density Areas"), the Protected Area will be a one-half of one mile (1/2 mile) radius measured from the front door of your CLOVR Life Spa. Currently, we consider New York City (including boroughs), San Francisco, Chicago, Boston and Honolulu to be High-Density Areas.

B. The restrictions contained in this Section 3 do not apply to CLOVR Life Spas under construction or in operation in the Site Selection Area (as defined by Section 5.A) or Protected Area as of the date of this Agreement. If the Premises have not been approved in writing by us as of the Effective Date, your Protected Area will be determined by us after you execute a lease for your CLOVR Life Spa, or otherwise secure the Premises in a manner approved by us, and at such time, the Protected Area will be attached to and incorporated into **Exhibit 1**.

C. Rights We Reserve. Except as expressly granted to you in Section 3.A, we and our affiliates retain all rights with respect to CLOVR Life Spas, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to the right to: (1) operate (and license others to operate) any type of business other than a CLOVR Life Spa branded business at any location inside or outside the Protected Area; (2) provide, offer and sell (and license others to provide, offer and sell) products that are identical or similar to and/or competitive with those provided at or from CLOVR Life Spas, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, the Internet or similar electronic media) both inside and outside the Protected Area; (3) operate (and license others to operate) CLOVR Life Spas located anywhere outside the Protected Area regardless of proximity to your CLOVR Life Spa; (4) acquire the assets and/or ownership interests of one or more competing spa businesses ("Competing Businesses") and franchising, licensing or creating similar arrangements with respect to these businesses once acquired wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area); (5) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competitor that operates Competing Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Protected Area; (6) create, place, and/or distribute or authorize others to create, place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Protected Area' and **(7)**. operate, or grant any other Person the right to operate, one or more CLOVR Life Spas within Special Locations inside or outside the Protected Area. "Special Location" means unique or non-traditional marketplaces (such as airports, train stations, colleges and universities, hotels, and casinos) as designated by Franchisor, in its reasonable discretion.

D. . The rights granted to you in the Protected Area does not limit the operation of CLOVR Life Spas that are under construction or in operation in the Protected Area. We reserve all rights in the Site Selection Area that we reserve with respect to the Protected Area.

4. TERM

A. Initial Term. The initial term of this Agreement (**"**Initial Term**"**) and the Franchise granted by this Agreement will begin on the Effective Date and expire at midnight on the day preceding the 10^{th} anniversary of the date your CLOVR Life Spa first opens for business, unless this Agreement is terminated at an earlier date pursuant to Section 19. We will complete and forward to you a notice to memorialize the date your CLOVR Life Spa first opened for business.

B. Successor Franchise Agreement. When this Agreement (and the first Successor Term) expires, you will have the option to request the right to remain a franchisee at the Premises for two successor terms of five (5) years each (each a "Successor Term"). The qualifications and conditions for the Successor Term are described below:

(1) You must give us written notice of your election to remain a franchisee at the Premises not less than 9 months, nor more than 12 months, before the end of the Initial Term or first Successor Term;

(2) You must pay us a Successor Franchise Fee equal to the initial franchisee fee then being paid by new CLOVR Life Spa franchisees (the "Successor Franchise Fee");

(3) Neither you nor any of your affiliates are in default under this Agreement or any other agreements with us or our affiliates;

(4) You must have the right to remain in possession of the Premises (or, another location acceptable to us) for the Successor Term;

(5) You must renovate and update your CLOVR Life Spa to reflect the then-current image of CLOVR Life Spas;

(6) You must correct any existing deficiencies of your CLOVR Life Spa or in your operation of your CLOVR Life Spa and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, your managerial and training personnel and/or your staff (which may involve the payment of training fees);

(7) You must sign, and your owners and all Guarantors of your obligations under this Agreement must personally guarantee, our standard form of Franchise Agreement that we are then offering to new franchisees (or the standard form that we most recently offered, if we are not then offering to new franchisees); and

(8) You, and your owners and Guarantors of your obligations under this Agreement must sign a general release (substantially similar to the form attached hereto as Exhibit E to the FDD) releasing any and all claims against us, and our affiliates, owners, officers, directors, agents and employees.

5. DEVELOPMENT PROCEDURES

A. Site Selection

(1) This Section 5.A will not be applicable if the Premises have been approved in writing by us as of the Effective Date.

(2) If the Premises have not been designated as of the Effective Date, you will select a site from within an area that we identify in Exhibit 1 ("Site Selection Area"). Within 90 days after the Effective Date ("Site Approval Period"), you must obtain our written approval of a site that is located in the Site Selection Area and execute a lease (or otherwise secure) that approved site for your CLOVR Life Spa. We, in our sole discretion, reserve the right to move or modify the Site Selection Area. Provided that you are in full compliance with this Agreement, we and our affiliates will not operate, or license others to operate, CLOVR Life Spas in the Site Selection Area during the Site Approval Period. We reserve all rights in the Site Selection Area that we reserve with respect to the Protected Area as described in Section 3.B. The restrictions contained in this Section 5.A. shall not apply to CLOVR Life Spas under construction or in operation in the Site Selection Area as of the effective date of this Agreement.

(3) You assume all cost, liability and expense for locating, obtaining and developing a site for your CLOVR Life Spa and constructing and equipping your CLOVR Life Spa in accordance with our System Standards at an approved site. We will assist you in your site selection by providing you with our site selection guidelines and criteria, and sources to obtain demographic information on proposed sites. You must obtain our written approval of the site before you make any binding commitments related to the site. If you have not presented to us an approvable site during the Site Approval Period, we may, in our sole discretion, terminate this Agreement pursuant to Section 19.

(4) Once you have identified a potential site, you must submit to us, in the form that we specify, a completed site evaluation package which must include an "As-Built" AutoCAD floor plan copy of the existing site plan, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining an ownership or leasehold interest in the site.

(5) Within 30 days after we receive the detailed site evaluation package, we, in our sole discretion, may conduct an on-site evaluation of the proposed site. You must reimburse us for all travel, living and other expenses we incur in conducting any on-site evaluations of your proposed site. We do not charge a site evaluation fee for the first on-site evaluation that we conduct with respect to your CLOVR Life Spa, however, if we require, or if you request, any additional on-site evaluations, you will pay to us, in addition to our travel expenses, our then-current site evaluation fee.

(6) We will use reasonable efforts to approve or disapprove the proposed site within 30 days after our receipt of your detailed site evaluation package if we do not conduct an on-site evaluation or, if we conduct an on-site evaluation, within 30 days after the on-site evaluation. If we do not approve the proposed site in writing in this time period, we will be deemed to have rejected the site. Our approval or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion. Upon our approval of a site, and after you secure the site, we will insert its address into Exhibit 1, and it will be the Premises.

(7) You are responsible for selecting the site for your CLOVR Life Spa. You acknowledge and agree that, our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the site's suitability for a Spa Business or any other purpose. Our approval indicates only that we believe that the site meets our then-current site selection criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we approve fails to meet your expectations. You acknowledge and agree that: (a) your submission of a proposed site for our acceptance is based on your own independent investigation of the site's suitability for your CLOVR Life Spa; and (b) our site-selection assistance is primarily for our benefit to assure us that we will have a minimally acceptable site upon the expiration or termination of this Agreement.

(8) Once you select a Premises for your CLOVR Life Spa, your rights with respect to the Site Selection Area shall terminate and your rights shall be limited to the Protected Area.

B. Lease of Premises

(1) If you propose to lease or sublease the Premises for your CLOVR Life Spa, you must provide us with a copy of the fully-executed lease or sublease ("Lease") for the Premises (for a term, including renewal terms, for at least the Initial Term) no less than 10 days before you intend to execute the Lease for the site of your CLOVR Life Spa. The Lease must not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement. Unless waived in writing by us, any Lease must contain provisions that satisfy the following requirements during the entire term of the Lease, including any renewal terms:

(a) The initial term of the Lease must be no less than ten (10) years.

(b) The landlord consents to your use of the proprietary signs and the Marks prescribed by us, and upon the expiration or earlier termination of the Lease, consents to permit you, at your expense, to remove all such items, so long as you make repairs to the Premises caused by such removal.

(c) The landlord agrees to provide us (at the same time sent to you) a copy of all amendments, assignments and notices of default pertaining to the Lease and the Premises.

(d) We will have the right to enter the Premises to make any modifications or alterations necessary to protect the System and the Marks, to cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort, and to charge you for any related costs.

(e) The landlord agrees that you will be solely responsible for all obligations, debts and payments under the Lease.

(f) The landlord agrees that, following the expiration or earlier termination of this Agreement, you will have the right to make those alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Premises from a Spa Business and also make those specific additional changes as we reasonably may request for that purpose. The landlord also agrees that, if you fail to make these alterations and modifications within 10 days after the expiration or earlier termination of this Agreement, we will have the right to do so without being guilty of trespass or other tort so long as we make repairs to the Premises caused by such removal.

(g) The landlord agrees not to amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without our prior written consent, which consent will not be unreasonably withheld.

(h) You may assign the Lease to us or our designee with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(i) The landlord agrees to consent to your collaterally assigning the Lease to us or our designee, granting us the option, but not the obligation, to assume the Lease from the date we take possession of the Premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord. Our current form of Collateral Assignment of Lease is attached to this Agreement as Exhibit 2.

(2) You acknowledge that our review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Spa Business operated at the Premises. Our review will indicate only whether we believe that the terms of the Lease meet our then-acceptable criteria.

6. CONSTRUCTION OF YOUR CLOVR LIFE SPA

A. Construction Plans

(1) You are responsible for developing and constructing your CLOVR Life Spa. We will provide to you mandatory and suggested specifications and layouts for a Spa Business, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. We may also provide you with suggested architectural drawings. You acknowledge that the layouts and drawings are proprietary to us. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities. It is your responsibility to prepare a site survey and all required construction plans and specifications to suit the Premises and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.

(2) You must retain an architect licensed in your state to develop construction drawings of your Spa Business (you may opt to retain our approved design architect to continue with the full set of construction drawings). Required stamped drawings include architectural, mechanical, plumbing and electrical plans. In addition, you must obtain structural and fire protection and any other plans as may be required by your state and local agencies.

(3) You agree to send to us, upon our request, construction plans and specifications or other plans for our review before you begin constructing your CLOVR Life Spa and all revised or "as built" plans and specifications during construction. We may require you to use an approved or designated architect and/or general contractor to design and construct your CLOVR Life Spa. We may inspect the Premises while you are developing your CLOVR Life Spa.

B. Development of your CLOVR Life Spa. You agree to do the following, at your own expense, to develop your CLOVR Life Spa at the Premises:

(1) secure all financing required to develop and operate your CLOVR Life Spa;

(2) procure insurance coverage for your activities under this Agreement as required by Section 12.I and the Manual;

(3) obtain all required building, utility, sign, health, sanitation, occupancy, business, and other permits and licenses;

(4) construct all required improvements to the Premises and furnish and decorate your CLOVR Life Spa according to our approved plans and specifications;

(5) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services;

(6) purchase or lease from Designated Suppliers and Approved Suppliers, and install, all required fixtures, furniture, equipment and interior and exterior signs; and

(7) purchase from Designated Suppliers and/or Approved Suppliers, a minimum opening inventory of authorized, required and approved service products, retail products, materials, and supplies necessary to commence operations at your CLOVR Life Spa.

(8) If you build any portion of your CLOVR Life Spa outside of our specifications without receiving our prior written consent, we will have the right to delay the opening of your CLOVR Life Spa until you, at your sole expense, bring the development of your CLOVR Life Spa within full compliance with of our specifications.

C. Opening your CLOVR Life Spa.

Subject to your compliance with the conditions set forth in this Section 6.C or as we may otherwise approve, you agree to open your CLOVR Life Spa no later than 12 months after the Effective Date of this Agreement.

(1) We will not authorize the opening of your CLOVR Life Spa unless all of the following conditions have been met:

(2) We are satisfied that your CLOVR Life Spa was constructed and/or renovated and equipped substantially in accordance with our standards and specifications;

(a) You have hired and trained a staff as required by Section 11.B;

(b) You have received a Certificate of Occupancy and all required state and local government certifications, permits, and licenses necessary for the operation of a Spa Business, including licenses and certifications for your staff and other personnel;

(c) You (or your Operating Principal as defined in Section 14.D), your management personnel, and your training personnel (if any) have satisfactorily completed and become certified in our initial training program;

(d) You have paid the Initial Franchise Fee (as defined in Section 7.A) and any other amounts then due to us;

(e) You have signed all agreements required prior to opening, including, but not limited to, the Lease, the electronic funds transfer documents described in Section 7.H, and any software license agreement(s);

(f) You have complied with our requirements for the Pre-Sale and Marketing Plan as described in Section 9;

(g) Neither you nor any of your affiliates are in default under or in violation of any agreements with us, any of our affiliates or any suppliers; and

(h) You have provided to us copies of certificates for all insurance policies required by Section 12.I or such other evidence of insurance coverage and payment of premiums as we reasonably may request.

7. FEES

A. Initial Franchise Fee. At the same time that you sign this Agreement, you must pay to us an initial franchise fee of $39,000 ("**Initial Franchise Fee**"). If you purchase more than one CLOVR Life Spa franchise at the same time, the Initial Franchise Fee for the second and each subsequent CLOVR Life Spa will be $29,000. The discounted Initial Franchise Fee does not apply to your purchase of additional CLOVR Life Spa in subsequent transactions. If you are a veteran of the armed forces of the United States and were honorably discharged from military service, you will receive a ten percent (10%) discount on each Initial Franchise Fee that you pay to us. This fee is due, and fully earned by us, when you sign this Agreement. The Initial Franchise Fee is not refundable.

B. Ongoing Royalty Fee. You agree to pay to us, in the manner provided below (or as the Manual otherwise prescribes), a nonrefundable and continuing royalty fee ("**Royalty**") in the amount of seven percent (7%) of the Gross Sales of your CLOVR Life Spa for the right to use the System and the Marks. You must transmit the Royalty to us in the manner we specify in the Manual (which may include, as provided for in Section 7.H an automatic, electronic debit of funds).

C. Technology, Software License, and Support Fee. You agree to pay to us, in the manner provided below (or as the Manual otherwise prescribes), a nonrefundable and continuing Technology, Software License, and Support Fee ("**Technology License Fee")**. The Technology License Fee includes POS software, e-mail service, intranet, website management, and other technology services that we determine, in our sole discretion, to provide to you. We will charge you a Technology License Fee upon execution of this Agreement and then monthly upon the opening of your CLOVR Life Spa. The Technology License Fee is currently $750 per month per CLOVR Life Spa. We may increase the Technology License Fee upon thirty (30) days written notice to you.

D. Definition of "Gross Sales". As used in this Agreement, the term "Gross Sales" means all revenue that you derive from operating the Franchised Business, including, but not limited to, all services and products sold and all amounts that you receive at or away from the Premises, and whether from cash, check, credit and debit card, barter, exchange, trade credit, loyalty program points, gift card or other credit transactions. Gross Sales also includes all amounts that third party marketing agencies, such as, for example, Groupon, receive from your customers for marketing goods and services that these customers purchase from your CLOVR Life Spa (provided we have approved for such means or methods of marketing). Gross Sales also includes the full suggested retail price for any goods or services that are provided at a discount, other than discounts that are part of special programs recommended or approved by us. Gross Sales excludes all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority and will be reduced by: (i) the amount of any documented refunds, charge-backs provided to customers in good faith; (ii) any documented contributions (up to a maximum amount set by us) you make to an approved not for profit organization in conjunction with a CLOVR Life Spa approved charitable event; and (iii) any tips received by your employees.

E. Advertising Contributions and Expenses. You also will spend and/or contribute for advertising the amount we specify. The exact amount of the advertising dollars you must spend and contributions you must make to our Advertising Fund (as defined in Section 9.D) are set forth in Section 9.

F. Late Report Fee. We may charge a late report fee of $100 for each week following the due date that you do not submit any report to us that is required by Section 8. We will electronically debit your business checking account automatically for any late report fee.

G. Interest. All amounts which you owe us for any reason, will bear interest accruing as of their original due date at 18% per annum or the highest commercial contract interest rate the law allows, whichever is less. We may electronically debit your business checking account automatically for any past-due amounts and interest. You acknowledge that this Section 7.G is not an agreement to accept any payments after they are due or a commitment to extend credit to, or otherwise finance your operation of, your CLOVR Life Spa.

H. Partial Payments. No payment by you or acceptance by us of any monies under this Agreement for a lesser amount than due will be treated as anything other than a partial payment on account. Notwithstanding any designation by you, we will have sole discretion to apply any payments by you to any of your past-due indebtedness to us.

I. Method of Payment

(1) You must comply with all of our payment policies, procedures, and requirements, as described in the Confidential Manual. Currently, you will pay us Royalties, Advertising Fund contributions and other ongoing fees twice monthly (on or before the 1st and 16th day of each calendar month based upon Gross Sales from the preceding fiscal period (1/2 of each month)). You will pay us in a manner consistent with Section 7.I(2) below.

(2) You must sign and deliver to us the documents we require to authorize us to electronically debit your business checking account automatically for the Royalty, Advertising Fund contributions and other amounts due under this Agreement and for your purchases from us and/or our affiliates ("**Electronic Depository Transfer Account**" or "**EDTA**"). Our current form of EDTA documents are attached as **Exhibit 3**. We will debit the EDTA for these amounts on their due dates. You agree to ensure that funds are available in the EDTA to cover our withdrawals. We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic, electronic debit (e.g., by check) whenever we deem appropriate, and you agree to comply with our payment instructions. If we supply products to you, we may require pre-payment or COD depending on our then-current policies and your payment record with us.

(3) If you fail to report the Gross Sales of your CLOVR Life Spa, we may debit your EDTA for 120% of the highest monthly Royalty and Advertising Fund contribution that we previously debited from your EDTA. Once we determine the amount you actually owe to us, we will debit the EDTA the difference, or we will apply a credit towards your next month's Royalty and/or Advertising Fund.

J. Unless otherwise specified herein, all fees in this Section are on a per CLOVR Life Spa basis. No fees may be combined or split between multiple CLOVR Life Spas.

8. RECORDKEEPING AND REPORTS

A. Recordkeeping. You must keep and maintain, in accordance with any procedures that we prescribe in the Manual or otherwise, complete and accurate books and records pertaining to your CLOVR Life Spa sufficient to fully report to us. We reserve the right to require that you maintain a fiscal year different than the calendar year and one that is consistent with our fiscal year. You agree to use computerized cash and data capture and retrieval systems that meet our specifications and to record electronically or on tape all sales at or from your CLOVR Life Spa. You must use our then-current franchise management software system for maintaining customer records for your CLOVR Life Spa.

B. Reports and Financial Statements. You must, at your expense, submit to us, in the form prescribed by us, financial and operational reports and records at the times and in the manner specified in the Manual. You also must submit to us, in the form prescribed by us, a profit and loss statement and balance sheet for your CLOVR Life Spa within 60 days after the end of each fiscal year (as defined by us from time to time). You must sign each report attesting that it is true, correct and complete and, with respect to the profit and loss statement, uses accounting principles applied on a consistent basis that accurately and completely reflect your financial condition. We may disclose data derived from your reports, however, upon receipt of a written request from you or if required by law, we will not disclose your identity in any materials that we circulate publicly. If, in our reasonable judgment, your reports are deficient in substance or presentation, we may require that you submit to us year-end financial statements prepared by an independent accountant and/or copies of your federal, state and local income tax returns.

C. Public Filings. If you are or become a publicly-held entity in accordance with other provisions of this Agreement, you must, at your expense, submit to us copies of all reports (including responses to comment letters) or schedules that you may file with the U.S. Securities and Exchange Commission (certified by your chief executive officer to be true, correct, complete and accurate) and copies of any press releases you may issue, within 3 days of the filing of those reports or schedules or the issuance of those releases.

D. Our Right to Audit

(1) We have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit your books, records, sales and income tax records and returns, and such other forms, reports, information and data as we reasonably may designate, applicable to the operation of your CLOVR Life Spa. If any inspection or audit discloses an understatement of Gross Sales of your CLOVR Life Spa, you agree to pay to us, within 10 days after receiving the inspection or audit report, the Royalty and Advertising Fund contributions due on the amount of the understatement, plus any interest on the understated amounts from the date originally due until the date of payment. If any inspection or audit discloses that you have not expended the greater of $1,500 or four percent (4%) of Gross Sales per month throughout the Initial Term of your Franchise Agreement on Local Store Marketing (which amount may be modified by us from time to time in accordance with Section 9.A), you shall contribute to the Advertising Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after completion of our audit of your Franchised Business. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of your Royalty or Advertising Fund contribution (when a percentage of Gross Sales is required), that exceeds 2% of the amount that you actually reported to us for the period examined; then: (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees; and (b) we may require you to provide us with periodic audited statements. If our examination reveals an understatement of the Gross Sales of your CLOVR Life Spa for any period by 2% or more 3 or more times during any 3-year period, or by more than 5% on any one occasion, then in addition to your obligations in subsection (a) above, we may immediately terminate this Agreement without an opportunity to cure. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

(2) If you fail to give us, on a timely basis, the records, reports and other information required by this Agreement or, upon our request, copies of the same, we or our designee will have access at all reasonable times (and as often as necessary) to your books and records (including those contained on the Technology System) for the purpose, among other things, of preparing the required records, reports and other information. You promptly will reimburse us or our designee for all costs and expenses associated with our obtaining and/or preparing such records, reports or other information.

9. MARKETING

A. Pre-Sale and Marketing Plan. You must initiate a pre-sale and marketing plan during the _month period before your CLOVR Life Spa opens for business. and continuing for two (2) months following the opening of your CLOVR Life Spa ("Pre-Sale and Marketing Plan"). You agree to comply with our guidelines for the Pre-Sale and Marketing Plan. You must spend at least $5,000 for your Pre-Sale and Marketing Plan; however, you may spend more than the required amount. The Pre-Sale and Marketing Plan expenditure is in addition to the advertising contributions and expenditures that you must make pursuant to Sections 9.D and 9.E below.

B. Grand Opening. You must conduct a Grand Opening event at your CLOVR Life Spa in a manner consistent with our guidelines for Grand Opening events. We will provide you with our guidelines for Grand Openings after you sign the Franchise Agreement but prior to the opening of your CLOVR Life Spa. We estimate that you will spend $10,000 on your Grand Opening.

C. Marketing Contributions and Expenditures. During the Term, you must **(1)** contribute to the Advertising Fund pursuant Section 9.D, **(2)** make Local Store Marketing expenditures pursuant to Section 9.E; and **(3)** contribute to the Regional Co-op Fund pursuant to Section 9.F if a Regional Co-op Fund has been established in the Designated Market Area **("DMA")** in which your Franchised Business is located. We have the right to periodically re-allocate and/or increase the amount you contribute to the Advertising Fund and the amount you spend for CLOVR Life Spa.

D. Advertising Fund

(1) We have established an advertising and marketing fund ("**Advertising Fund**") for the enhancement and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as we deem appropriate. As of the Effective Date, your required Advertising Fund contribution is one-percent (1%) of Gross Sales per fiscal period. We may increase your contribution to the Advertising Fund at any time upon ninety (90) days written notice to an amount not to exceed two-percent (2%) of the Gross Sales of your CLOVR Life Spa. The Advertising Fund contribution will be payable in the same manner as the Royalty. CLOVR Life Spas operated by us and our affiliates also will contribute to the Advertising Fund on the same basis as comparable franchisees. From time to time, we or our suppliers may deposit into the Advertising Fund rebates or similar allowances paid to us by our suppliers although we have no obligation to do so.

(2) We will have sole discretion to use the Advertising Fund, and the monies in the Advertising Fund, for any purpose that we designate that we believe will enhance and protect the System and Marks and will improve and increase public recognition and perception of the System and Marks. We will direct all programs that the Advertising Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. You agree to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Advertising Fund. Among the programs, concepts, and expenditures for which we may utilize the Advertising Fund monies are: **(a)** creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and promotional materials; **(b)** creative development, preparation, production and placement of video, audio, and written materials and electronic media; **(c)** media placement and buying, including all associated expenses and fees; **(d)** administering regional and multi-regional marketing and advertising programs; **(e)** market research and customer satisfaction surveys, including the use of secret shoppers; **(f)** the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; **(g)** creative development of new program offerings for CLOVR Life Spas; **(h)** creative development of signage, posters, and individual Spa Business décor items including wall graphics; **(i)** recognition and awards events and programs; **(j)** system recognition events, including periodic national and regional conventions and meetings; **(k)** website, extranet and/or intranet development and maintenance (in this Agreement, "**website**" means one or a group of World Wide Web pages usually containing hyperlinks to each other and made available online by an individual, company, educational institution, government, or organization); **(l)** development, implementation, and maintenance of an electronic commerce website and reservation system and/or related strategies; **(m)** retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and **(n)** public relations and community involvement activities and programs.

(3) We will account for the Advertising Fund separately from our other funds, however will not be required to segregate any Advertising Fund monies from our other monies. We will not use the Advertising Fund for any of our general operating expenses. We and our affiliates may be reimbursed by the Advertising Fund for administrative expenses directly related to the Advertising Fund's marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Advertising Fund. We may use the Advertising Fund to pay the administrative costs of the Advertising Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Advertising Fund, and we may use the Advertising Fund to pay the reasonable salaries and benefits of personnel (including our personnel and our affiliates' personnel) who manage and administer the Advertising Fund. We may use the Advertising Fund to pay for other administrative costs, travel expenses of personnel while they are on Advertising Fund business, meeting costs, overhead relating to Advertising Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Advertising Fund and its programs.

(4) The Advertising Fund will not be our asset. Although the Advertising Fund is not a trust, we will hold all Advertising Fund contributions for the benefit of the System, and use contributions only for the purposes described in this Section 9.D. We do not owe any fiduciary obligation to you for administering the Advertising Fund or for any other reason. The Advertising Fund may spend in any fiscal year more or less than the total Advertising Fund contributions in that year, borrow from us or others (paying reasonable interest not to exceed the prime rate at the time the Advertising Fund borrows money from us) to cover deficits, or invest any surplus for future use. We will use all interest earned on Advertising Fund contributions to pay for the administrative costs of the Advertising Fund before using the Advertising Fund's other assets.

(5) Upon your written request, we will prepare an annual, unaudited statement of Advertising Fund collections and expenses within 90 days after our fiscal year end. We may also, in our sole discretion, prepare such financial statements. We may have the Advertising Fund audited annually, at the Advertising Fund's expense, by an independent certified public accountant. We may incorporate the Advertising Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9.D.

(6) We intend the Advertising Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although we may use the Advertising Fund, or portions of the monies in the Advertising Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all CLOVR Life Spas, we cannot and do not ensure that Advertising Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Advertising Fund contributions by CLOVR Life Spas operating in that geographic area. We do not guarantee or assure that you, your CLOVR Life Spa will benefit directly or in proportion to your Advertising Fund contribution from the brand enhancement activities of the Advertising Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

(7) We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Advertising Fund contributions at the Advertising Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Advertising Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to the Advertising Fund. We have the sole right to enforce the obligations of franchisees who contribute to the Advertising Fund, and neither you nor any other franchisees who contribute to the Advertising Fund will be deemed a third party beneficiary with respect to the Advertising Fund obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the Advertising Fund.

(8) We may at any time defer or reduce contributions of a CLOVR Life Spa franchisee to the Advertising Fund and, upon 30 days prior written notice to you, reduce or suspend Advertising Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, subsequently reinstate) the Advertising Fund. If we terminate the Advertising Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Advertising Fund contributions during the preceding 12-month period.

E. Local Store Marketing

(1) You must develop, on an annual basis, a marketing plan (the "Marketing Plan") that we have approved for you, your Franchised Business, and your Protected Area. You must comply with all requirements regarding the Marketing Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, participation in and use of approved on-line social media networks and tools, and compliance with all promotional recommendations and guidelines. In addition to your Pre-Sale and Marketing Plan expenditures and your Advertising Fund contribution, in accordance with your Marketing Plan, you must spend the greater of $1,500 or four percent (4%) of Gross Sales per month throughout the Initial Term of your Franchise Agreement on Local Store Marketing (which amount may be modified by us from time to time in accordance with Section 9.A). You must begin conducting Local Store Marketing when you open your CLOVR Life Spa. We may audit your Franchised Business pursuant to Sections 8.D(1) and 8.D(2) above if we believe, in our sole discretion, that you have not expended the required amount of money on Local Store Marketing. If our audit reveals that you are not contributing the requisite amount, you must repay us the costs and expenses incurred in auditing your Franchised Business. In addition, if you fail to expend on an annual basis, the required amount, then you must contribute to the Advertising Fund any amounts that you should have expended to reach the local advertising requirement within 30 days after completion of our audit of your Franchised Business.

(2) Your local marketing and promotion must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our website's domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local marketing and promotional materials and you will be required to pay those third parties for their services without any offset to your required Local Store Marketing expenditures. You may not develop, maintain, or authorize any website that mentions or describes you or your CLOVR Life Spa or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

(3) You may purchase local advertising and promotional materials from us or any source approved by us. Periodically, we will provide to you samples of advertising, marketing, and promotional formats and materials at no cost. If you purchase these materials from us, in addition to paying the invoice cost of the materials, you must pay any related shipping, handling, and storage charges. If purchased from a source other than us or our affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and promotion promulgated from time to time by us and must be submitted to us or our designee at least 10 days prior to first use for approval (except with respect to prices to be charged by you), which we may grant or withhold in our sole discretion. If we do not approve your submission within 10 days after the day we received the materials, we will be deemed to have not approved the materials.

(4) In no event will your advertising and promotional materials contain any statement or material which, in our sole discretion, may be considered: **(a)** in bad taste or offensive to the public or to any group of persons; **(b)** defamatory of any person or an attack on any competitor; **(c)** to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or **(d)** inconsistent with our public image of that of the System. You acknowledge and agree that any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by us to give effect to this provision.

(5) You must actively participate in all marketing and advertising programs designated by us or the Advertising Fund including social media programs (e.g. Facebook, Twitter, and Instagram) and comply with all guidelines set forth by us regarding the use of these programs as set forth in the Manual.

F. Regional Co-op Fund

(1) We may, in our sole discretion, establish a regional advertising cooperative **("Regional Co-op Fund")** in any DMA. The Regional Co-op Fund shall be organized and governed in a form and manner and shall commence operations on a date, approved in advance by us in writing. We may, if we so elect, prepare bylaws to be used by the Regional Co-op Fund and may require the Regional Co-op Fund to incorporate. Once a Regional Co-op Fund is established in a DMA in which your CLOVR Life Spa is located, you shall become a member of such Regional Co-op Fund and be required to contribute to the Regional Co-op Fund as determined by its members no later than 30 days after the date on which the Regional Co-op Fund commences operation. In no event shall you be required to be a member of more than one Regional Co-op Fund with respect to your CLOVR Life Spa. You shall submit your Co-op Contribution to the Regional Co-op Fund monthly, together with such statements or reports as may be required by us (or by the Regional Co-op Fund with our prior written approval). Monies in the Regional Co-op Fund may be spent for the purposes determined by a majority vote of the Regional Co-op Fund.

(2) Each Regional Co-op Fund shall be organized, if at all, for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by its members in local advertising. All advertising, marketing and promotions shall be submitted to us prior to first use as provided in Section 9.E(3), and shall adhere to the standards set forth in Section 9.E(4).

(3) We shall be a member of the Regional Co-op Fund and be entitled to attend and fully participate in Regional Co-op Fund meetings; however, we shall not have a vote unless we or our affiliates operate a Spa Business in the area covered by the Regional Co-op Fund. If the members of the Regional Co-op are unable or fail to determine the manner in which Regional Co-op Fund monies should be spent, we may assume this decision-making authority following 10 days' advance written notice to the members of the Regional Co-op Fund. We, or our designee, may grant to any franchisee an exemption for any length of time from the requirement of membership in any Regional Co-op Fund, upon written request of such a franchisee stating reasons supporting an exemption. Decisions regarding a request for exemption shall be final. We or our designee shall have the right to terminate (and subsequently restart) any Regional Co-op Fund. Upon termination, all monies in that Regional Co-op Fund shall be spent for advertising and/or promotional purposes.

G. Loyalty Program. We may operate a customer loyalty program that awards customers loyalty points upon the occurrence of certain events. These points may be used by customers in exchange for discounted or free services and retail products at your CLOVR Life Spa. You must participate and pay the fees associated with any Loyalty Program that we implement.

10. MANUAL

A. We will loan you during the term of this Agreement, or make available to you via other means (internet, intranet, etc.) one copy of our Manual, which may include compact disks, computer software, other electronic media, and information distributed electronically and/or written materials or allow you access to the Manual. The Manual contains the System Standards, which include mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Spa Business and information on your other obligations under this Agreement. We may modify the Manual periodically to reflect changes in System Standards.

B. You agree to keep your copy of the Manual and/or any passwords and/or log-in information with respect to web-based or electronic copies thereof current and in a secure location at your CLOVR Life Spa. If there is a dispute over the contents of the Manual, our master copy of the Manual controls. You agree that the contents of the Manual are confidential and that you will not disclose the Manual to any person other than employees of your CLOVR Life Spa who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. If your copy of the Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us, for which we may charge you our then applicable printing or copying charge. This charge is for our direct costs, and is not related to any value that we place on the Confidential Information (defined in Section 18.A. below).

C. At our option, we may post some or all of the Manual on a restricted website (intranet, extranet or online training instructional system) to which you will have access. If we do so, you agree to monitor and access the website for any updates to the Manual or System Standards. Prior to accessing our intranet, extranet or online training instructional system, you must agree to abide by our terms of use, which we may revise from time to time. Any passwords or other digital identifications necessary to access the Manual on a website, intranet, extranet or online training instructional system will be deemed to be part of the Confidential Information.

11. TRAINING AND ASSISTANCE

A. Initial Training Program

(1) Three or four months before you open your CLOVR Life Spa, you (or the Operating Principal if Franchisee is an entity) and your General Manager must complete, to our satisfaction and certification, our initial training program, which will address the material aspects of operating a Spa Business. If you obtain an operating Spa Business by transfer from another CLOVR Life Spa franchisee, you must complete this initial training program before you begin operating that business as a Spa Business. We will provide the initial training program at our corporate headquarters in Scottsdale, Arizona, a designated training facility of our choice and/or at an operating Spa Business. You agree to pay for all travel, living and other expenses which you (or your Operating Principal) and your employees incur and for your employees' wages and workers' compensation insurance while they attend the initial training program.

(2) We do not charge a fee for providing the initial training program to you, your Operating Principal and one management level employee who will be responsible for training your staff. Additional people may attend the Initial Training Program, subject to availability if you pay a fee $500 per additional person attending the Initial Training Program (the "**Additional Initial Training Program Fee**"). If any individual who is required to receive our certification fails to successfully complete the initial training program and receive our certification, then that individual may repeat the program or you may send a substitute to complete the next available program. We reserve the right to charge you a fee for providing any subsequent training program to these individuals or for training any of your substitute personnel.

(3) All of your managerial and training personnel must receive our certification, prior to managing your CLOVR Life Spa or training your staff. We may, at any time during the term of this Agreement, decertify any previously certified individual if we learn or determine that a person is no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete training or a re-training program to receive our certification. We reserve the right to charge a fee for training personnel that have been decertified or if we determine, in our sole discretion, that you, your managers, your Operating Principal and/or your employees require additional training (a "**Remediation Training Fee**"). The Remediation Training Fee is currently $300 per day per trainer plus reasonable travel expenses. In addition, your managerial personnel and other personnel working at your CLOVR Life Spa must satisfactorily complete all state and local government required training and must meet all required licensing requirements, if any.

B. Training by You

(1) You must conduct such initial and continuing training programs for the staff of your CLOVR Life Spa as we may require from time to time, including those training programs required in order for your staff members to be certified for the position(s) for which each staff member was hired. We will authorize you to open your CLOVR Life Spa only after an adequate number of your staff members, as determined by us in our sole discretion, have attended and received certification in your initial training program.

(2) We may periodically visit your CLOVR Life Spa to ensure that your training personnel continue to meet our standards. If we determine, in our sole discretion, that your training personnel are not adequately training your staff, then your training personnel and staff members designated by us must attend and successfully complete our initial training program. We may, in our sole discretion, determine that you are no longer qualified to train your own staff members. In that event your staff members will be required to attend our initial training program prior to beginning to work at your CLOVR Life Spa. You will be required to pay a tuition fee for your training personnel and staff who we require to attend our training program in addition to paying all travel, living and other expenses incurred by your employees while attending the training program.

C. Opening Training. We will send a representative to your CLOVR Life Spa to assist with the opening of your Spa Business ("Opening Training"). The Opening Training will include no less than five (5) days of on-site training for your staff members. You will not be required to pay any additional costs for any of the travel or living expenses incurred by our representative while providing the Opening Training to you. However, if you reschedule the opening of your CLOVR Life Spa, you must reimburse us for any travel costs we incur in changing the travel schedules of our personnel. We will determine the hours of training for your staff members. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then applicable charges, including fees for our personnel and their travel and living expenses.

D. Ongoing Training

(1) We may require you and your personnel to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. Even if you fail to attend, we can charge reasonable registration or similar fees for these courses. The current annual franchise meeting fee is $1,000 per person.

(2) We require that your replacement training personnel satisfactorily complete our training programs within 90 days of being designated as training personnel. Replacement training personnel may: **(a)** attend the next training program offered by us; or **(b)** be trained by your training personnel, however, they must be reviewed by our field personnel and receive our certification prior to managing your CLOVR Life Spa or training your staff. Currently, the fees associated with the training of replacement personnel is $300 per day per person participating in the training program. You agree to pay all travel and living expenses incurred by you and your employees and/or our employees during all training courses and programs.

(3) We may also require you and/or your managers and employees to complete additional training if we believe, in our reasonable discretion, that you require additional training to operate your CLOVR Life Spa to our standards. ("Remediation Training"). Remediation Training will occur, in our discretion, either at your CLOVR Life Spa, at a CLOVR Life Spa selected by us, or at our corporate headquarters in Scottsdale, Arizona. The current cost of Remediation Training is $300 per day plus reasonable travel expenses incurred by our employees if we are required to travel in connection with providing the Remediation Training.

E. General Guidance. We will provide ongoing advice and consultation to you regarding the operation of your CLOVR Life Spa through the Manual, bulletins or other written materials, electronic media, telephone, and in person.

12. SYSTEM STANDARDS

A. Compliance with System Standards

(1) You acknowledge that each and every detail of the appearance, layout, décor, cleanliness, safety standards, services and operation of your CLOVR Life Spa is essential to us and to other CLOVR Life Spa franchisees to preserve the goodwill of the Marks and all CLOVR Life Spas. You agree to cooperate with us by operating and maintaining your CLOVR Life Spa safely and securely and according to all of our System Standards (whether contained in the Manual or another written communication to you), as we periodically modify and supplement them. You agree that System Standards we prescribe in the Manual, or otherwise communicate to you in writing or another tangible form (for example, via a website, intranet or extranet), are part of this Agreement as if fully set forth within its text.

(2) We periodically may modify the System (including System Standards) and these modifications may obligate you to invest additional capital in your CLOVR Life Spa and/or incur higher operating costs. We may require you to integrate new, updated services and products into your Franchised Business. You agree to accept, integrate and use or display in your CLOVR Life Spa any such changes or modifications to the System as if they were a part of the System at the time this Agreement was executed, and you agree to make such expenditures as the changes or modifications in the System may reasonably require. This includes but is not limited to refurbishing or remodeling the Premises or any other aspect of your CLOVR Life Spa, hiring additional personnel, buying new equipment, adding new services and products, or otherwise modifying the nature of your operations, as if those changes or modifications were part of the System as of the Effective Date.

(3) If you or your owners, employees, designees, or independent contractors develop any new concepts, treatments, services, products, processes or improvements relating to the System, you promptly shall notify us and provide us with all information regarding the new concept, treatments, services, products, processes or improvements all of which shall become our property and which may be incorporated into the System as a "work made for hire" without any payment to you or your owners, employees, designees or independent contractors. If any designee or independent contractor develops any new concepts, processes or improvements relating to the System on your behalf, you shall obtain covenants that you own (as a "work made for hire") such concepts, processes or improvements (and all components) and have the right to transfer to us such concepts, processes or improvements. You, at your own expense, promptly shall take all actions deemed necessary or desirable by us to vest in us ownership of such concepts, processes or improvements. To the extent that any item does not qualify as a "work made-for-hire" for us, by this Section you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item. We will make no payment to you for any such item, or for our subsequent use (or our franchisees' subsequent use) of such item.

B. Approved Products, Services, Distributors and Suppliers

(1) You acknowledge that the reputation and goodwill of CLOVR Life Spas are based upon, and can only be maintained by, the delivery of high quality services and products under the Marks. You agree that you will at your CLOVR Life Spa: **(a)** provide all services and products that we specify from time to time and only in the manner we prescribe; **(b)** not provide any services or products we have not approved; **(c)** offer for sale and sell all products only at retail and from the Premises and you will not offer or sell any products at wholesale or transfer products to any other business not operating under the System; and **(d)** you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing, provided, however, that you may continue to sell discontinued products for up to 3 months after their discontinuance unless we determine that they are a public hazard or are detrimental to the public image of our System. You will also immediately stop providing any service if we determine that it is a public hazard or detrimental to the public image of our System.

(2) We have developed and may continue to develop certain proprietary or branded products, including branded skincare products that will be prepared by or for us or our affiliates according to our proprietary designs (collectively "**Proprietary Products**"). We also have developed standards and specifications for other products, services, materials and supplies incorporated or used in providing services and the packaging and delivery of products authorized for sale at CLOVR Life Spas. You agree that you will: **(a)** purchase those Proprietary Products only from us or a third party designated and licensed by us to prepare and sell such products (collectively "**Designated Suppliers**"); and **(b)** purchase from manufacturers, distributors, vendors and suppliers approved by us (collectively "**Approved Suppliers**") all other goods, products, services, materials and supplies (collectively "**Goods**"), as well as advertising materials, furniture, fixtures, equipment, forms, or retail skincare products, professional skin and body care, payroll services, accounting and bookkeeping services, and supplies associated with providing spa services at your CLOVR Life Spa(collectively "**Materials**") that meet the standards and specifications promulgated by us from time to time. We have the right to require that you use only certain brands (collectively "**Approved Brands**") and to prohibit you from using other brands. We may from time to time modify the list of Approved Brands (including certain skincare and aesthetic products), and you will not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand.

(3) We may from time to time modify the list of Designated Suppliers and/or Approved Suppliers, and you must not, after receipt of such modification in writing, order any Proprietary Products from a supplier who is no longer a Designated Supplier or order any Goods or Materials from a supplier who is no longer an Approved Supplier. We may approve one or more suppliers for any Goods or Materials and may approve a supplier only as to certain Goods or Materials. We reserve the right to charge Designated Suppliers a license fee for the right to manufacture Proprietary Products for use in a CLOVR Life Spas.

(4) From time to time, we and our affiliates may receive payments from suppliers (including Designated Suppliers and Approved Suppliers) on account of such suppliers' dealings with you and other franchisees, and may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of CLOVR Life Spas or any other group of businesses franchised or operated by us or our affiliates. Approval of a supplier may be conditioned on requirements relating to the product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by us.

(5) If you propose to purchase any Goods or Materials (that you are not required to purchase from us, an affiliate of ours or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or request the supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. A charge not to exceed the lesser of $5,000 and the reasonable cost of the inspection and the actual cost of the test must be paid by you. We will notify you within 60 days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to re-inspect the facilities and products of any such Approved Supplier and to revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

(6) You must at all times maintain an inventory of approved Goods and Materials sufficient in quality and variety to realize the full potential of your CLOVR Life Spa. We may, from time to time, conduct market research and testing to determine consumer trends and the salability of new products and services. You agree to cooperate in these efforts by participating in our customer surveys and market research programs if requested by us. All customer surveys and market research programs will be at our sole cost and expense or charged to the Advertising Fund, unless such survey or program has been approved by you and you have approved its proportionate cost. You must not test any new product or service without first being requested to by us and signing a test letter agreement in a form satisfactory to us.

(7) You must utilize our Approved Supplier of music and digital signage at your CLOVR Life Spa. Our Approved Supplier of music and digital signage will require you to enter into a license agreement with them and pay them a fee granting you the right to play approved music and display approved digital images and selections at your Franchised Business. Additional ASCAP, BMI or SESAC licenses may also be required.

(8) We and our affiliates disclaim all express or implied warranties concerning any approved goods, materials or services, including, without limitation, any warranties as to merchantability, fitness for a particular purpose, availability, quality, pricing or profitability. You acknowledge that we and our affiliates may, under appropriate circumstances, receive fees, commissions, rebates, royalties, or other consideration from suppliers based on sales to you and we may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may charge non-approved suppliers reasonable testing or inspection fees.

C. Technology Systems

(1) You agree to purchase from us, or a vendor of our choice, and use the computer, point of sale ("POS"), and telephone systems (the "Technology System") we specify, which includes such data processing equipment, computer hardware, and required dedicated telephone and power lines, 24-hour telephone navigation system with voice messaging capabilities from an Approved Supplier; high speed Internet and/or communications connections, modems, printers and other computer-related accessory or peripheral equipment as we specify in the Manual or otherwise. The Technology System includes web-based scheduling, reservation, and point of sale systems. All of the foregoing must be able to provide that information to us, in that format/medium, as we reasonably may specify from time to time. You must provide all assistance required by us to bring the Technology System on-line with the computer system or website, intranet or extranet designated by us and maintained by us or our affiliates. You agree that we have the free and unfettered right to retrieve any data and information from your Technology System as we, in our sole discretion, deem appropriate, including electronically polling the sales and other data of your CLOVR Life Spa. The Technology System is owned by us. You must maintain and use a Spa Business email address that we assign to you.

(2) You acknowledge that computer systems are designed to accommodate a finite amount of data and operate with certain performance parameters, and that, as these limits are reached, or as technology or software is developed in the future, we may, in our sole discretion, mandate that you (at your expense): (a) add memory, accessories or peripheral equipment or additional, new or substitute software to the original computer purchased by you; and (b) replace or upgrade the computer with a larger system capable of assuming and discharging the computer-related tasks and functions specified by us.

You acknowledge that computer designs and functions change periodically and that we may desire to make substantial modifications to our computer specifications or to require installation of entirely different systems during the term of this Agreement. Within 60 days after you receive notice from us, you agree to obtain and install the new or updated computer components that we designate. If we install these components for you, you must pay our then-current installation fees and any travel, living and other expenses incurred by our personnel.

(3) We will offer a limited help desk to support you with your computer at no additional cost for the first 90 days after the date your computer is installed at your Franchised Business. Following this 90-day period, we reserve the right to charge a fee for our help desk support at our then-current hourly rates. Although we cannot estimate the future costs of maintaining or upgrading the computer or required service or support, and although these costs might not be fully amortizable over the remaining term of this Agreement, you agree to incur the costs of maintaining the computer hardware, software, and/or communications capabilities comprising the computer (or additions and modifications) and any required service or support. We or our affiliates may perform repair services for the computer or retain a third-party provider, or an Applications Service Provider ("ASP") to provide some or all of the service and support for the computer for your benefit or the benefit of all CLOVR Life Spas, and you may pay a service or ASP hosting fee. We have no obligation to reimburse you for the computer or any other Technology System costs that you incur.

(4) You agree that we or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the term of this Agreement.

(5) You must obtain a monthly maintenance service contract with our approved vendor and use and maintain the Technology System according to our System Standards, you will have sole and complete responsibility for: (a) the acquisition, operation, maintenance, and upgrading of the Technology System; (b) the manner in which your Technology System interfaces with our and any third party's computer system; and (c) any and all consequences if the Technology System is not properly operated, maintained, and upgraded. You may not install any software (including, but not limited to, virus and spam filters and firewalls) other than authorized upgrades, or make any hardware modifications to the Technology System without our express written consent.

(6) To ensure full operational efficiency and communication capability between our computers and your computer, you agree, at your expense, to keep your computer in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to your computer hardware, software, telephone and power lines and other computer-related facilities as directed by us, and on the dates and within the times specified by us in our sole discretion. Upon termination or expiration of this Agreement, all computer software, disks, tapes and other magnetic storage media must be returned to us in good operating condition, excepting normal wear and tear.

D. Non-Cash Payment Systems.

(1) You must accept debit cards, credit cards, stored value, loyalty cards, gift cards or other non-cash payment systems specified by us or as set forth in our Manual to enable customers to purchase authorized products and services and must obtain all necessary hardware and/or software used in connection with these non-cash payment systems.

(2) You must participate in and honor the terms of any discount, loyalty or promotional program (including gift card, loyalty, and discount programs) that are applicable to the CLOVR Life Spa System as a whole, specific markets or certain CLOVR Life Spas only, that we offer to the public on your behalf and shall be responsible for the fees payable in conjunction with the operation of these programs. You agree that you will take all action necessary (including the supply to us of all information and the purchase of any supplies, equipment or services) to participate in any discount or promotional programs.

(3) You must comply with all Payment Card Industry ("PCI") standards and requirements, and you must use our designated vendor for the provision of services that are designed to enable you to comply with PCI requirements and standards. You must pay our Designated Supplier or Approved Supplier, if applicable, a monthly PCI Compliance service fee.

E. Condition and Appearance of your CLOVR Life Spa

(1) You must routinely maintain and continuously operate your CLOVR Life Spa and all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, building interior and exterior, interior and exterior lighting, landscaping and parking lot surfaces in first-class condition and repair in accordance with the requirements of the System, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. In that regard, you agree to undertake, without limitation, the following actions during the term of this Agreement: (a) frequent safety inspections of the Premises including, but not limited to, all equipment, tables, products and other items used in the operation of your CLOVR Life Spa; (b) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at intervals we prescribe including resurfacing of the parking lot, roof repairs, and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor; (c) interior and exterior repair of the Premises; and (d) repair or replacement of damaged, worn out, obsolete or unsafe equipment.

(2) You will place or display at the Premises (interior and exterior) only those signs (including neon), emblems, photographs, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve. You must not make any material alterations to your CLOVR Life Spa that may, in our reasonable discretion, negatively impact operations or the image of the System without our prior written approval. It is your responsibility to keep the Premises, equipment used at the Premises, your staff and your customers safe and secure. We may from time to time provide information to you regarding safety and security, but we have no obligation to do so.

(3) If, at any time in our reasonable judgment, the general state of repair, condition, appearance or cleanliness of the Premises of your CLOVR Life Spa or its fixtures, furnishings, equipment or signs does not meet our System Standards, we have the right to notify you, specifying the action you must take to correct the deficiency. You will have 30 days to make these corrections. If you do not initiate action to correct such deficiencies within this 30 day period, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand for any expenses we incur in that connection. If we make a reasonable determination that the continued operation of your CLOVR Life Spa by you will result in imminent danger to public health or safety, we may terminate this Agreement pursuant to Section 19.B(10) or, in our sole discretion, we may require you to close your CLOVR Life Spa temporarily to make the necessary repairs or alterations.

(4) Upon receipt of notice from us, you agree to remodel, expand, redecorate, reequip and/or refurnish the Premises and your CLOVR Life Spa to conform your CLOVR Life Spa to the image of the System for new CLOVR Life Spas. If any single modification exceeds $10,000, then you will have 6 months to comply with such modifications. Except as described below, we will not require a major redesign of your CLOVR Life Spa that will cost more than $10,000 more than twice during the Initial Term of this Agreement. In the event we determine, in our sole discretion, that you cannot amortize the cost of the major redesign over the remaining years of the Initial Term, we may agree to extend the Initial Term of this Agreement. If a major redesign of the Premises is required by the Americans with Disabilities Act or any new safety standards that are enacted by CLOVR Life Spa or any governmental or regulatory agency, you will be required to complete that redesign, regardless of the cost of compliance.

F. Maximum Operation of your CLOVR Life Spa

(1) During the term of this Agreement, you must use the Premises solely for the operation of your CLOVR Life Spa and you must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate your CLOVR Life Spa at its maximum capacity and efficiency for the minimum number of days and hours set forth in the Manual or as we otherwise prescribe in writing. As of the Effective Date, your CLOVR Life Spa must be open and available for services and products as well as customer service calls six (6) days and 60 hours per week.

(2) You must immediately resolve any customer complaints regarding the quality of service, products and/or cleanliness of your CLOVR Life Spa or any similar complaints. When any customer complaints cannot be immediately resolved, you must use best efforts to resolve the customer complaints as soon as practical and you must, whenever feasible, give the customer the benefit of the doubt. If we, in our sole discretion, determine that our intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if we, in our sole discretion, believe that you have failed adequately to address or resolve any customer complaints, we may, without your consent, resolve any complaints and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaints, which amount you must pay to us immediately on demand.

G. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of your CLOVR Life Spa and any other licenses applicable to your management and personnel. You must operate your CLOVR Life Spa in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, worker’s compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes, and, if applicable, laws regarding the offering of alcoholic beverages. You must notify us in writing within 5 days of the commencement of any proceeding or the issuance of any decree of any court or government agency that may adversely affect the operation of your CLOVR Life Spa or your financial condition or give rise to liability or a claim against you or us. You must follow and abide by the crisis management information contained in the Manual.

H. Management and Staffing of your CLOVR Life Spa

(1) Your CLOVR Life Spa must at all times be under the on-premises supervision of you (or your Operating Principal, General Manager or Multi-Unit Manager) or a manager of your CLOVR Life Spa that we have approved and who has completed and been certified by our initial training program. You must keep us informed at all times of the identity of any supervisory employee(s) acting as managers of your CLOVR Life Spa. Your managerial personnel must devote their full time and best efforts to the management and supervision of your CLOVR Life Spa.

(2) You (or your Operating Principal, General Manager or Multi-Unit Manager) must manage and provide general oversight of your CLOVR Life Spa. You (or your Operating Principal or Multi-Unit Manager) must remain active in overseeing the operations of your CLOVR Life Spa, including, without limitation, regular, periodic visits to your CLOVR Life Spa and sufficient communications with us to ensure that the operations of your CLOVR Life Spa comply with the System Standards promulgated by us from time to time in the Manual or otherwise in written or oral communications to you.

(3) If your Operating Principal does not meet our qualifications and requirements regarding experience in the spa industry, you will be required, prior to opening your CLOVR Life Spa for business, to retain a General Manager that meets our qualifications and requirements. Our qualifications and requirements are identified in our Confidential Manual.

(4) Your CLOVR Life Spa must at all times be operated by the number of staff members and managerial personnel that we designate or as required by any applicable government regulations. You must hire all employees of your CLOVR Life Spa and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of your CLOVR Life Spa, in human resources and customer relations. You must establish at your CLOVR Life Spa a training program for all employees that meets our standards.

(5) You must conduct appropriate criminal background checks and due diligence on all employees of your CLOVR Life Spa utilizing our Designated Supplier or Approved Supplier of such services to determine that your employees meet the high ethical standards necessary for working in a professional therapeutic studio offering massage and other services. You must, at all times, grant Franchisor access (read-only or greater) to your account with our Designated Supplier or Approved Supplier of background check services. You must comply with all state and local laws and regulations regarding the staffing and on-premises management of personnel including, but not limited to, any required licenses and any regulations dealing with providing aesthetic and beauty services, professional therapeutic massage, nail care, skincare and waxing services. You must employ only suitable persons of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of CLOVR Life Spas and the System and, while on duty, comply with the dress attire, personal appearance and hygiene standards set forth in the Manual.

I. Insurance

(1) You must maintain insurance policies protecting you and (as additional insureds) us and our officers, directors, partners and employees against all loss, liability, personal injury, death or property damage or expense related to your school(s) or as applicable. Policies must be written by an A.M. Best "A" or better rated insurance company satisfactory to us and must meet our specifications, including types and amounts of coverage, and the dollar limits and deductibles levels, among other things.

(2) All insurance policies must name Franchisor and Franchisor's parents, affiliates, subsidiaries, predecessors, successors, and assigns, as well as their respective officers, directors, employees, shareholders, and members as additional insureds on a primary, noncontributory basis.

Type of Coverage	Limits and Required Coverages
Commercial General Liability	**$1,000,000 per occurrence/ $2,000,000 aggregate** • Sexual Abuse & Molestation: $1,000,000 per occurrence/ $2,000,000 aggregate • Non-owned auto limit: $1,000,000 • Personal Advertising Injury: $1,000,000

Type of Coverage	Limits and Required Coverages
Professional Liability Coverage: (Errors & Omissions for Professional Services)	**$1,000,000 per occurrence** • Sexual Abuse & Molestation Limit of $1,000,000 per occurrence/ $2,000,000 aggregate
Employment Practices Liability	**$1,000,000 policy limit** • 1st & 3rd party defense & indemnification • Wage & hour sublimit of $100,000
Data Privacy/Cyber Liability Coverage	**$1,000,000 policy limit** • must include coverage for 1st & 3rd party losses
Crime/Employee Dishonesty Coverage	**$25,000**

(3) The insurance policies described above must: (i) have a deductible equal to or less than $10,000; and (ii) include a waiver of subrogation endorsement in favor of Franchisor; (iii) shall not exclude contractual liability. The Commercial General Liability coverage shall include a Waiver of Subrogation endorsement in favor of Franchisor, and shall not limit or exclude contractual liability. There should be no limitation or exclusion for sexual abuse or molestation coverage.

(4) The types and amount of insurance listed above represent the minimum coverage you are required to secure prior to opening your CLOVR Life Spa. You may secure additional insurance. Additionally, local law and/or your lease agreement may require additional types of insurance and/or greater amounts of coverage. To the extent that your lease requires additional policies and/or amounts of coverage, your lease agreement shall control although you are obligated to have each type of insurance identified above.

(5) All insurance policies must be purchased through an agent or broker on our Approved Supplier list and be written by an insurance company that is licensed in the state where you are doing business. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration.

(6) Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. At least 10 days prior to commencing construction of the Franchised Business or 3 days before taking ownership of an existing open CLOVR Life Spa and annually thereafter, you must submit to us a copy of your Certificates of Insurance or other evidence that you are maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain such insurance for you and the Franchised Business, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

(7) If you offer alcoholic beverages at your CLOVR Life Spa, you must, in addition to the insurance policies and coverages described above, purchase insurance policies, in amounts specified by us, protecting you and us against claims based upon your service of alcoholic beverages to guests.

J. Notification of Claims. You must notify us in writing within 5 days of receipt of notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or occurrence of any accident or injury which may adversely affect the operation of your CLOVR Life Spa or your financial condition or give rise to liability or a claim against you or us.

K. Right to Inspect your CLOVR Life Spa. You acknowledge and agree that we have the right upon reasonable notice to you, to inspect your CLOVR Life Spa (the "**Inspection**"). Our right to inspect your CLOVR Life Spa shall include the right to conduct reasonable inspections of your operations, marketing, safety systems and programs, financial systems, maintenance and necessary repairs of your CLOVR Life Spa. A report and score may be generated as part of the Inspection. A copy of the report and score will be provided to you as well as to the CLOVR Life Spa corporate office. A failing score on an Inspection shall be a default of the Franchise Agreement and, subject to the terms of Section 19.C, be grounds for termination of the Franchised Agreement.

L. Pricing. We may periodically impose a maximum price that you may charge for services or products. If we impose such a maximum price for any service or product, you may charge any price for the product or service up to and including the maximum price we impose.

13. MARKS

A. Ownership and Goodwill. Your right to use the Marks is derived only from this Agreement and is limited to your operating your CLOVR Life Spa at the Premises according to this Agreement and all System Standards we prescribe during the term of this Agreement. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your CLOVR Life Spa under this Agreement). You may not at any time during or after this Agreement’s term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

B. Limitations on Your Use of Marks

(1) You agree to use the Marks as the sole identification of your CLOVR Life Spa, except that you agree to identify yourself as its independent operator in the manner we prescribe. Unless you obtain our prior written consent, you may not use any Mark, any derivatives of the Marks, or similar mark: **(a)** as part of any corporate or legal business name; **(b)** with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); **(c)** in selling any unauthorized services or products; or **(d)** in any other manner that we have not expressly authorized in writing.

(2) You may not use any Mark in advertising the transfer, sale, or other disposition of your CLOVR Life Spa or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at your CLOVR Life Spa and on forms, advertising, supplies, and other materials we designate. You must ensure that the Marks bear the “®”, “™”, or “SM” symbol, as we prescribe from time to time. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. Use of Marks on Internet. You may not use the Marks on any Internet domain name, e-mail address, Internet website, or social media platform without our prior written consent. We may grant or withhold our consent in our sole discretion and may condition our consent on such requirements as we deem appropriate, including, among other things, that you obtain our prior written approval of: **(1)** any and all Internet domain names and home page addresses related to your CLOVR Life Spa; **(2)** the proposed form and content (including any visible and non-visible content such as meta-tags) of any website or social media platform related to your CLOVR Life Spa; **(3)** your use of any hyperlinks or other links; **(4)** your use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has an ownership interest; **(5)** we will be the primary administrator with primary administration rights for any social media platforms with respect to your CLOVR Life Spa; **(6)** To the extent required by a social media platform for us to have primary administration rights, you will identify us as the primary administrator with primary administration rights for any social media or digital marketing accounts that you use in conjunction with your CLOVR Life Spa; **(7)** any proposed modification of your website or social media platforms. We may designate the form and content of your website and social media platforms and/or require that any such website or platform be hosted or maintained by us or a third party designated by us, using one or more websites that we own and/or control. In addition, we may require you to establish hyperlinks to our website or other website(s) designated by us. We may charge you a fee for developing, reviewing, administering, and approving your website and/or social media platforms and/or for hosting or maintain your website or other social media platforms. We may, upon written notice to you, require you to retain a Designated Supplier of social media, public relations, and digital marketing services ("Social Media Services"). There may be a fee payable to such Designated Supplier in connection with Social Media Services. You will be required to retain and utilize such Designated Supplier(s) upon written notice from us.

D. Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

E. Discontinuance of Use of Marks. If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute Marks, you agree to comply with our directions within a reasonable time after receiving notice. Provided that you have timely notified us of the claim or proceeding and complied with the Franchise Agreement, we will reimburse you for all damages you suffer in any trademark infringement proceeding from your authorized use of any Mark, and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named a party. We may, at our option, defend and control the defense of any proceeding from your use of any Mark.

F. Indemnification for Use of Marks. We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with this Agreement, the Manual, and any other directives from us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

14. YOUR ORGANIZATIONAL STRUCTURE

A. Representations

(1) If you are a corporation, a limited liability company or a partnership ("Entity"), you make the following representations and warranties: (a) you are duly organized and validly existing under the laws of the state of formation; (b) you are qualified to do business in the state, county, and city in which your CLOVR Life Spa is located; (c) execution of this Agreement and the development and operation of your CLOVR Life Spa is permitted by your governing documents; (d) unless waived in writing by us, your Articles of Incorporation, Articles of Organization or written partnership agreement must at all times provide that your activities are limited to the development and operation of CLOVR Life Spas and other businesses operated by you that are franchised by us or our affiliates; and (e) all interests in you are owned as set forth in attached **Exhibit 4**; (f) each person owning 5% interest in Franchisee has executed a Guaranty Agreement (**Exhibit 5**) undertaking to be bound by the provisions of the Franchise Agreement.

(2) If you are an individual, a group of individuals, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (a) each individual has signed this Agreement; (b) each individual will be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership, each individual will continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

B. Governing Documents. If you are an Entity, then you must provide to us copies of your organizational and governing documents ("governing documents"). When any of these governing documents are modified or changed, you must promptly provide copies to us. You must maintain a current list of all of your owners, members or partners (and the percentage ownership of each owner, member or partner). You must comply with Section 16.B. prior to any change in ownership interests and sign and deliver to us a revised **Exhibit 4** to reflect any permitted changes in the information that **Exhibit 4** now contains. If you are an Entity, you must maintain stop -transfer instructions against the transfer on your records of any voting securities, membership interests or ownership interests. If you are a publicly-held corporation these requirements will apply only to the stock owned by your shareholders who have an ownership interest in you in excess of 10%.

C. Personal Guaranty. Each of your owners who hold an ownership interest in you of more than 5% at any point during the term of this Agreement must sign a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached as **Exhibit 5.**

D. Operating Principal

(1) If you are owned by more than one individual or you are an Entity, you must designate and retain an individual (which may be one of your owners) to serve as your Operating Principal. The Operating Principal as of the date of this Agreement is identified in Exhibit 4. The Operating Principal, at all times, must have at least a 10% equity ownership interest in you and must be responsible for overseeing and supervising the operation of your CLOVR Life Spa. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person that we will recognize as having authority to communicate for and on your behalf. You may not change the Operating Principal without our prior written consent.

(2) The Operating Principal must successfully complete and receive our certification in our initial training program and any additional training that we require. The Operating Principal must devote full-time and best efforts to supervising the operation of your CLOVR Life Spa and those other businesses (that are franchised by us or our affiliates) operated by you in the same geographic area as your CLOVR Life Spa and must not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility. The Operating Principal must maintain her primary residence within a reasonable driving distance of your CLOVR Life Spa.

(3) If the Operating Principal no longer qualifies as such, you must designate another qualified person to act as Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. Your designee to become the Operating Principal must successfully complete our initial training program and any additional training we require within 30 days after being designated as your Operating Principal.

(4) If your Operating Principal does not meet our qualifications and requirements regarding experience in the spa industry, you will be required, prior to opening your CLOVR Life Spa for business, to retain a General Manager that meets our qualifications and requirements. Our qualifications and requirements are identified in our Confidential Manual.

E. Multi-Unit Manager. Upon the opening of your fifth (5th) franchised Spa Business, you must hire a Multi-Unit Manager (which may be you or your Operating Principal). The Multi-Unit Manager must devote full time and best efforts to the management and supervision of your CLOVR Life Spa and your other franchised CLOVR Life Spas and must not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility. The Multi-Unit Manager must be approved by us and must successfully complete and be certified in our training programs. If the Multi-Unit Manager no longer qualifies as such, you must designate another qualified person to act as Multi-Unit Manager within 30 days after the date the prior Multi-Unit Manager ceases to be qualified. Your designee to become the Multi-Unit Manager must successfully complete and be certified by us in the initial training program and any additional training that we require within 30 days after being designated as your Multi-Unit Manager.

15. TRANSFER BY US. We have the absolute, unrestricted right, exercisable at any time, to change our ownership or form and/or transfer and assign all or any part of our rights and obligations under this Agreement to any person or legal entity without your consent. After our transfer or assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

16. TRANSFER BY YOU

A. Transfer Generally. You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual or Entity which directly or indirectly controls you may sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you, this Agreement, the Franchise, your CLOVR Life Spa, the assets of your CLOVR Life Spa, the Premises, the Lease or any other assets pertaining to your operations under this Agreement (collectively "**Transfer**") without our prior written consent. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having our prior written consent will have no effect with regard to us and will constitute a material breach of this Agreement, for which we may terminate this Agreement without providing you an opportunity to cure the breach.

B. Conditions for Approval of Transfer

(1) You must advise us in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts and all other agreements or proposals, and all other information requested by us, relating to the proposed Transfer. Along with that required information, you must pay to us a transfer fee described below in Section 16.B(2)(a) equal to twenty-five percent of our then current initial franchisee fee provided that the transfer fee shall not exceed $10,000 ("**Transfer Fee**"). The Transfer Fee is non-refundable, however, if the proposed transfer transaction does not close, then we shall apply the Transfer Fee against the transfer fee for any subsequent transfer that you close within the 12-month period following your initial transfer application. If we do not exercise our right of first refusal (as set forth in Section 16.G), the decision as to whether or not to approve a proposed Transfer will be made by us in our sole discretion and will include numerous factors deemed relevant by us. These factors may include, but will not be limited to, the following:

(a) the proposed transferee meets our then-current standards for new franchisees and has sufficient business experience, aptitude, and financial resources to operate your CLOVR Life Spa;

(b) you have paid all amounts owed to us, our affiliates, and third party vendors and suppliers, have submitted all required reports and statements, and are not in violation of this Agreement;

(c) neither the proposed transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competing Business (as defined in Section 18.B(1));

(d) the proposed transferee (or its Operating Principal) satisfactorily completes our initial training program (and any other required training programs we require) and pays any then-current training fees;

(e) the proposed transferee has demonstrated an ability to obtain possessory rights in the Premises;

(f) you have corrected any existing deficiencies of your CLOVR Life Spa of which we have notified you, and/or the proposed transferee agrees to upgrade, remodel, and refurbish your CLOVR Life Spa in accordance with our then current requirements and specifications for CLOVR Life Spas within the time period we specify following the effective date of the Transfer (we will advise the proposed transferee before the effective date of the Transfer of the specific actions that are required and the time period within which such actions must be taken);

(g) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your CLOVR Life Spa are subordinate to the transferee's obligation to pay Royalties, Advertising Fund contributions, and other amounts due to us, our affiliates, and third party suppliers and vendors and otherwise to comply with this Agreement; and

(h) you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees, and agents.

(i) you modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed transfer.

(2) If we approve a proposed Transfer, prior to the Transfer becoming effective:

(a) you or the proposed transferee must pay to us the Transfer Fee, to reimburse us for reasonable expenses associated with reviewing the Transfer. The Transfer Fee will be waived if the proposed transferee: (1) is an Entity formed by you for the convenience of ownership as set forth in Section 16.C; or (2) has obtained your CLOVR Life Spa as a result of your death or permanent incapacity as provided in Section 16.D;

(b) if the franchise candidate for the transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our then-current Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission.

(c) you and the proposed transferee must sign, at our election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by us to reflect the Transfer or our then-current standard form of franchise agreement for an initial term ending on the expiration date of the Initial Term of this Agreement. In either event, if the proposed transferee is an Entity, the transferee must complete **Exhibit 4** as required by Section 14.B. and all individuals who hold or will hold an ownership interest in Franchisee of more than 5% must sign the guaranty attached as **Exhibit 5**;

(d) the proposed transferee must sign our then-current license agreements or service agreements related to the Technology System; and

(e) you (and all of your owners) must, at our request, sign a written guaranty pursuant to which you will remain liable for all obligations to us incurred before the date of the Transfer.

(3) Following the effective date of the Transfer:

(a) you and your transferring owners agree not to engage in any of the activities proscribed Section 18.B. below, for the Restricted Period in the Restricted Area; and

(b) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other CLOVR Life Spas you own and operate) identify yourself or themselves or any business as a current or former Spa Business or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Spa Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

C. Transfer for Convenience of Ownership. If you are an individual or a partnership and you would like to Transfer this Agreement to a corporation or limited liability company formed exclusively for the convenience of ownership, the requirements of Section 16.B. will apply to such a Transfer; however, you will not be required to pay a transfer fee. Our approval also will be conditioned on the following: **(1)** the corporation or limited liability company must be newly organized; **(2)** prior to the Transfer, we must receive a copy of the documents specified in Section 14.B and the transferee must comply with the remaining provisions of Section 14; **(3)** you must own all voting securities of the corporation or membership interests of the limited liability company or, if you are owned by more than one individual, each person must have the same proportionate ownership interest in the corporation or the limited liability company as prior to the Transfer; and **(4)** you and your owners must agree to remain personally liable under this Agreement as if the Transfer to the corporation or limited liability company did not occur.

D. Transfer upon Your Death or Permanent Incapacity. If the Transfer is a transfer of ownership interests in you following the death or permanent incapacity (as reasonably determined by us) of one of your owners, that person's executor, administrator or other personal representative must apply to us in writing within 90 days after death or declaration of disability for consent to Transfer this person's interest to a third party that we have approved. We do not charge a Transfer fee under this Section 16.D. That Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or disability, and is subject to all of the terms and conditions in this Section 16. A failure to Transfer your interest in this Agreement or the Operating Principal's ownership interest in you within this time period will constitute a breach of this Agreement.

E. No Rights to Grant a Security Interest. You may not grant any security interest in your business entity, your CLOVR Life Spa, the Premises or the assets used in the operation or development of your CLOVR Life Spa without our prior written approval. Our approval may be conditioned, in our sole discretion, on the written agreement by the secured party that, in the event of a default by you under any agreement related to the security interest, we will have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of the fair market value of the secured assets.

F. Effect of Consent to Transfer. Our consent to any Transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your CLOVR Life Spa' or the transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand your and your transferee's full compliance with this Agreement.

G. Our Right of First Refusal

(1) We have the right, exercisable within 10 days after receipt of the notice specified in Section 16.B(1) to send written notice to you that we intend to purchase the interest proposed to be transferred. We may assign our right of first refusal to someone else either before or after we exercise it. Our right of first refusal will not apply with regard to Transfers for Convenience of Ownership under Section 16.C. If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be transferred on the same economic terms and conditions offered by the third-party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same consideration as the third-party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser, and the appraiser's determination will be final. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer.

(2) If a Transfer to which our right of first refusal applies is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraisers' determination of fair market value.

(3) If we elect not to exercise our rights under this Section 16.G, the transferor may complete the Transfer after complying with this Section 16. Closing on the Transfer must occur within 60 days of our election (or such longer period as applicable law may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. The Transfer is conditional upon our determination that the Transfer was completed on terms substantially the same as those offered to us. You must provide to us copies of all fully-executed agreements and any other information we request relating to the Transfer.

H. Public Offering. Securities or partnership interests in you may be sold, by private or public offering, only with our prior written consent (whether or not our consent is required under any other provision of this Section), which consent will not be unreasonably withheld. In addition to the requirements of Section 16.B, prior to the time that any public offering or private placement of securities or partnership interests in you is made available to potential investors, you at your expense, must deliver to us a copy of the offering documents. You, at your expense, also must deliver to us an opinion of your legal counsel and an opinion of one other legal counsel selected by us (both of which shall be addressed to us and in a form acceptable to us) that the offering documents properly use the Marks and accurately describe your relationship with us and/or our affiliates. The indemnification provisions of Section 23 shall also include any losses or expenses incurred by us and/or our affiliates in connection with any statements made by or on behalf of you in any public offering or private placement of your securities.

17. GENERAL RELEASE. You (on behalf of yourself and your subsidiaries and affiliates), all individuals who execute this Agreement and all Guarantors of your obligations under this Agreement (collectively "**Franchisee Releasors**") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**CLOVR Life Spa Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "**Claims**"), which you or any Franchisee Releasor now own or hold or may at any time have owned or held, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances, and Claims arising out of, or relating to this Agreement and all other agreements between you or any Franchisee Releasor and any CLOVR Life Spa Releasee, the sale of a franchise to you or any Franchisee Releasor, the development and operation of your CLOVR Life Spa and the development and operation of all other CLOVR Life Spas operated by you or any Franchisee Releasor that are franchised by any CLOVR Life Spa Releasee. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document or its exhibits or otherwise impair or affect any claims arising after the date of this Agreement. You (on behalf of the Franchisee Releasors) expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HER SETTLEMENT WITH THE DEBTOR.

18. COVENANTS

A. Confidential Information. During and after the Term, you may not communicate, divulge or use for any purpose other than the operation of your CLOVR Life Spa any confidential information, knowledge, trade secrets or know-how which may be communicated to you or which you may learn by virtue of your relationship with us ("**Confidential Information**"). You may divulge Confidential Information only to your professional advisers and to your employees who must have access to the information to operate your CLOVR Life Spa. All Confidential Information, relating to us, our business plans, or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure; or which, at the time of our disclosure to you, had become a part of the public domain. You must require your Operating Principal and key employees and any other person or entity you wish to disclose any Confidential Information to sign agreements, in a form acceptable to us, that they will maintain the confidentiality of the disclosed information. The agreements must identify us as a third-party beneficiary with the independent right to enforce the agreements.

B. Restrictions

(1) You acknowledge and agree that: **(a)** pursuant to this Agreement, you will have access to the Confidential Information; **(b)** the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among CLOVR Life Spas if our franchisees were permitted to hold interests in Competing Businesses. "Competing Businesses" are defined as businesses that provide aesthetic and beauty services, therapeutic massage, nail care services (manicures and pedicures), skincare, or waxing services, and/or related retail products. You acknowledge that restrictions on your right to hold interests in, or perform services for Competing Businesses will not hinder your activities. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive you of your personal goodwill or ability to earn a living.

(2) You therefore agree that, during the term of this Agreement and for the "Restricted Period" following the expiration or earlier termination of this Agreement, you and your owners will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(a) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competing Business; or

(b) divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any Spa Business to a Competing Business.

(3) For purposes of this Agreement, the term "Restricted Period" shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated.

(4) During the term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 18.B. During the Restricted Period, these restrictions will apply at the Premises; within the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Spa Business in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement; or (ii) the date on which all persons restricted by Section 18.B begin to comply with Section 18.B (the "Restricted Area").

(5) If, at any time during the Restricted Period, you or your owners fail to comply with your obligations contained in this Section 18.B, that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 18.B. These restrictions also apply after Transfers, as provided in Section 16.B(3) above. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 18.B.

(6) If any restriction in this Section 18.B. is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant’s validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

(7) You agree to obtain similar covenants from the personnel and persons we specify, including your officers, directors, managers and other employees who attend our training programs or have access to Confidential Information and your immediate family members (which include spouses and domestic partners and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure). We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

19. TERMINATION

A. Termination by You. Franchisee may terminate this Franchise Agreement upon the material default by Franchisor of one or more provisions of this Franchise Agreement provided that the Franchisee provides written notice of the default to Franchisor along with no less than sixty (60) days to cure the default. If the default outlined in Franchisee’s notice of default cannot be cured within sixty (60) days and Franchisor is making commercially reasonable efforts to cure the default, the cure period shall be extended for an additional sixty (60) days. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 20 and all other obligations that survive the expiration or termination of this Agreement.

B. Termination by Franchisor Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement and the rights granted by this Agreement, upon written notice to you without an opportunity to cure upon the occurrence of any of the following events:

(1) You: (i) do not locate, and sign a Lease or acquisition document for, a site approved by us for the Premises; or (ii) comply with the terms of Section 0within 12 months of the Effective Date of this Agreement;

(2) you do not open your CLOVR Life Spa within the time period prescribed in Section 6.C;

(3) you abandon or fail actively to operate your CLOVR Life Spa for a period of three (3) or more consecutive days, unless you close your CLOVR Life Spa for a purpose we approve in writing or because of Force Majeure, as defined in Section 25.C;

(4) you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your CLOVR Life Spa is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your CLOVR Life Spa is not vacated within 30 days following the order's entry;

(5) there is a material breach by you of any covenant or obligation set forth in Section 18;

(6) any Transfer that requires our prior written approval occurs without your having obtained that prior written approval;

(7) we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a Franchise to you;

(8) you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us;

(9) if an incident occurs at your Franchised Business that involves one of your employees and we discover that you did not conduct adequate due diligence and criminal background checks on that employee;

(10) we make a reasonable determination that continued operation of your CLOVR Life Spa by you will result in an imminent danger to public health or safety;

(11) you lose the right to occupy the Premises;

(12) you, the Operating Principal, your Multi-Unit Manager or any of your owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our affiliates, the goodwill associated with the Marks, or the System;

(13) you, or your Operating Principal, your Multi-Unit Manager and/or any management personnel of your CLOVR Life Spa do not satisfactorily complete the initial training program (after we provide a second opportunity as provided in Section 11.A(2));

(14) you understate the Gross Sales of your CLOVR Life Spa for any period by 2% or more 3 or more times during any 3-year period, or by more than 5% on any one occasion,

(15) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; you or your owners: (a) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (b) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your CLOVR Life Spa; **(c)** remain in default beyond the applicable cure period under any contract with any vendor or supplier to your CLOVR Life Spa; or **(d)** fail to pay when due any taxes or assessments relating to your CLOVR Life Spa or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization;

(16) you interfere with our relations with other franchisees, third parties and/or negatively impact our ability to operate and/or grant franchises under our System; or

(17) you materially breach any representation or warranty set forth in Section 30.

(18) You fail to maintain all insurance policies required by Section 12.I of this Agreement and/or you allow or communicate your intent to allow any policy of insurance required by this Agreement to expire, lapse, cancel or terminate.

C. Termination Following Expiration of Cure Period

(1) Except for those items listed in preceding Section 19.B or 19.C(2), you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us. If any default is not cured within that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you will have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that you promptly begin taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under this Section 19.C(1) for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(2) Notwithstanding the provisions of preceding Section 19.C(1), if you default in the payment of any monies owed to us or our affiliates when such monies become due and payable and you fail to pay such monies within 5 days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.

(3) If you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to remedy the default.

D. Termination Following Inspection. We (or our designee) may periodically conduct Inspections of your CLOVR Life Spa to evaluate your compliance with the System and this Agreement. Following each Inspection, we will provide to you an Inspection report and Inspection score on the Inspection and those conditions at your CLOVR Life Spa that must be rectified. If you fail to achieve a passing score on an Inspection, the Inspection report will constitute a notice of default. If you fail to achieve a passing score on the next Inspection (which we will conduct at least 30 days after your receipt of the Inspection report for the prior Inspection), we may terminate this Agreement, without opportunity to cure, by providing you written notice of termination along with the Inspection report.

20. OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Your Obligations. Upon termination or expiration of this Agreement:

(1) The rights granted to you in the Protected Area immediately will terminate, and we will have the right to operate, or license others to operate, CLOVR Life Spas anywhere in the Protected Area;

(2) You and your owners must continue to abide by the covenants in Section 18;

(3) Within 15 days, or on any later date that we determine the amounts due to us, you must pay to us and our affiliates all sums due and owing to us and our affiliates;

(4) You must immediately discontinue all use of the Marks in connection with your CLOVR Life Spa and of any and all items bearing the Marks; remove the Marks from your CLOVR Life Spa and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of your CLOVR Life Spa; cancel all advertising for your CLOVR Life Spa that contains the Marks; and take such action as may be necessary to cancel any filings or registrations for your CLOVR Life Spa that contain any Marks. You must comply with this Section 20.A. before any items bearing the Marks are offered for sale or auction by you or your lenders or lienholders;

(5) You must immediately cease using any of our Confidential Information (including the Technology System or similar technology and digital passwords and identifications that we have licensed or loaned to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the Technology System, your client list, your telephone numbers, your email addresses, your social media pages, all copies of the Manual, and any other confidential materials that we have loaned you;

(6) Within 30 days, you must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a Spa Business that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from Franchised Business;

(7) You agree to promptly notify the telephone company, all telephone directory publishers, and all domain name registries and internet service providers of the termination or expiration of your right to use any telephone numbers, facsimile numbers, URLs and domain names, or other numbers, names and telephone directory listings associated with any Mark; to authorize the transfer of these numbers, names and directory listings to us or to a third party, at our direction; and/or to instruct the telephone company, domain name registries and internet service providers to forward all calls, e-mails and electronic communications made to your names, numbers or addresses to names, numbers or addresses we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf and consistent with the Listing Assignment Agreement attached to this Agreement as Exhibit 6 to effect these events; and

(8) If we do not have or do not exercise an option to purchase the assets of Franchised Business under Section 21 below, you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise) to distinguish your CLOVR Life Spa clearly from its former appearance and from other CLOVR Life Spas in order to prevent public confusion. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or other tort.

B. Evidence of Compliance. You must furnish to us, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by you or by your chief executive officer if you are a corporation; by your manager, if you are a limited liability company; or by your general partner, if you are a partnership) satisfactory to us of your compliance with Sections 20.A.

C. Prohibition from Engaging In Future Conduct. Upon termination or expiration of this Agreement and your satisfaction of the covenants set forth in Section 18, you agree that you will not, except with respect to a business franchised by us or our affiliates which is then open and operating pursuant to an effective franchise agreement: **(1)** operate or do business under any name or in any manner that might tend to give the public the impression that you are connected in any way with us or our affiliates or have any right to use the System or the Marks; **(2)** make, use or avail yourself of any of the materials or Confidential Information furnished or disclosed by us or our affiliates under this Agreement or disclose or reveal any such materials or Confidential Information or any portion of those materials or Confidential Information to anyone else; or **(3)** assist anyone not licensed by us or our affiliates to construct or equip a business substantially similar to a Spa Business.

D. Continuing Obligations. All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding the expiration or termination and until the obligations are satisfied in full or by their nature expire.

E. No Exclusive Remedy. No right or remedy conferred upon or reserved to us in this Section 20 is exclusive of any other right or remedy provided or permitted by law or equity.

21. OUR OPTION TO PURCHASE CERTAIN ASSETS OF YOUR CLOVR LIFE SPA

A. Scope. Upon the expiration or termination of this Agreement for any reason, we will provide written notice to you, within 30 days after the effective date of termination or expiration, if we intend to exercise our option to purchase from you some or all of the assets used in your CLOVR Life Spa ("**Assets**"). As used in this Section 21, the term "Assets" means and includes, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in your CLOVR Life Spa, real estate interests (including the fee simple rights or the Lease), and any licenses necessary to operate your CLOVR Life Spa. We will have the unrestricted right to assign this option to purchase the Assets. We or our assignee will be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: **(1)** ownership, condition and title; **(2)** liens and encumbrances; **(3)** environmental and hazardous substances; and **(4)** validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise.

B. Purchase Price. The purchase price for the Assets ("**Purchase Price**") will be their fair market value (or, for leased assets, the fair market value of your Lease), determined as of the effective date of purchase in a manner that accounts for customary depreciation and condition of the Assets; provided, however, that the Purchase Price will take into account the termination of this Agreement. Further, the Purchase Price for the Assets will not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of your CLOVR Life Spa nor any goodwill or "going concern" value for your CLOVR Life Spa. We may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for a Spa Business or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

C. Certified Appraisers. If we and you are unable to agree on the fair market value of the Assets within 30 days after your receipt of our notice of our intent to exercise our option to purchase the Assets, the fair market value will be determined by two professionally certified appraisers, one selected by you and one selected by us. If the valuations set by the two appraisers differ by more than 10%, the two appraisers will select a third professionally certified appraiser who also will appraise the fair market value of the Assets. The average value set by the appraisers (whether two or three appraisers as the case may be) will be conclusive and will be the Purchase Price. The appraisers will be given full access to your CLOVR Life Spa, the Premises and your books and records during customary business hours to conduct the appraisal and will value the Assets to be purchased in accordance with the standards of this Section 21. The appraisers' fees and costs will be borne equally by you and us.

D. Exercise of Option. Within 10 days after the Purchase Price has been determined, we may exercise our option to purchase the Assets by so notifying you in writing ("**Purchase Notice**"). The Purchase Price will be paid in cash or cash equivalents at the closing of the purchase ("**Closing**"), which will take place no later than 60 days after the date of the Purchase Notice. For a period of 30 days after the date of the Purchase Notice ("**Due Diligence Period**"), we will have the right to conduct such investigations as we deem necessary and appropriate to determine: **(1)** the ownership, condition and title of the Assets; **(2)** liens and encumbrances on the Assets; **(3)** environmental and hazardous substances at or upon the Premises; and **(4)** the validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise. You will give us and our representatives access to your CLOVR Life Spa and the Premises at all reasonable times for the purpose of conducting inspections of the Assets; provided that such access does not unreasonably interfere with your operations of your CLOVR Life Spa. Prior to the end of the Due Diligence Period, we will notify you in writing of any objections that we have to any finding disclosed in any title search, lien search, survey, environmental assessment or inspection. If you cannot or elect not to correct any such title defect, environmental objection, defect in the working condition of the Assets or any other objection, we will have the option to either accept the condition of the Assets as it exists or rescind our Purchase Notice, on or before the Closing.

E. Premises Leased. If the Premises are leased, you agree to use reasonable efforts to effect a termination of the existing Lease for the Premises. If the Lease for the Premises is assigned to us or we sublease the Premises from you, we will indemnify and hold you harmless from any ongoing liability under the Lease from the date we assume possession of the Premises, and you will indemnify and hold us harmless from any liability under the Lease prior to and including that date.

F. Premises Owned By You. If you own the Premises, we, at our option, may purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with you on terms comparable to those for which similar commercial properties in the area are then being leased; or remove the Assets from the Premises in a manner consistent with the Lease Agreement. The initial term of the Lease between you and us under such circumstances must be at least 10 years with two (2) options to renew of 5 years each, and the rent must be the fair market rental value of the Premises. If you and we cannot agree on the fair market rental value of the Premises, then local real estate appraisers (selected in the manner described in Section 21.C) will determine the rental value.

22. RELATIONSHIP OF THE PARTIES

A. Independent Contractors. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Spa Business personnel, and others as the owner of your CLOVR Life Spa under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

B. No Liability for Acts of Other Party. We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of your CLOVR Life Spa or the business you conduct under this Agreement.

C. Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your CLOVR Life Spa, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

23. INDEMNIFICATION

A. You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees ("**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of your CLOVR Life Spa, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those claims alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction.

B. For purposes of this Section 23, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. We have the right to designate attorneys that you must retain to defend any claims subject to this Section 23.

C. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this Section 23. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 23.

24. SEVERABILITY AND CONSTRUCTION

A. Severability. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

B. Alteration to Agreement by Rule of Law. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

C. No Third Party Beneficiaries. Except as otherwise provided in Section 23, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us and you as the parties to this Agreement and our affiliates and such of our heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

D. Interpretation. No provision of this Agreement should be interpreted in favor of, or against any party because of the party that drafted this Agreement.

E. Our Discretion. Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests. This also applies if we are deemed to have a right and/or discretion. Our judgment of what is in the best interests of the System, at the time our decision is made or its right or discretion is exercised, can be made without regard to whether: **(1)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; **(2)** our decision or the action taken promotes our financial or other individual interest; **(3)** our decision or the action taken applies differently to you and one or more other franchisees or our company-owned or affiliate-owned operations; or **(4)** our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations under this Agreement.

25. CONSENTS, APPROVALS AND WAIVERS

A. Consents. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us for that approval or consent, and any approval or consent received, in order to be effective and binding upon us, must be obtained in writing and be signed by one of our authorized officers.

B. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the expiration of its term) because of: any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other CLOVR Life Spas; the existence of agreements for other CLOVR Life Spas which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction.

C. Variance By Reason of Force Majeure. If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties will be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure must give prompt written notice of such Force Majeure event to the other party by setting forth the nature of the Force Majeure and an estimate as to its duration. As used in this Agreement, the term "**Force Majeure**" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) may not constitute Force Majeure.

26. ENTIRE AGREEMENT. We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, you and we will deal with each other in good faith. This Agreement and its attachments, the Manual, and the documents referred to in this Agreement constitute the entire, full and complete agreement between the parties concerning your rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and its attachments, the Manual, and the documents referred to in this Agreement (including our Franchise Disclosure Document). No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by you and us and executed in writing. Nothing in this or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

27. ENFORCEMENT

A. Mediation. Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Notwithstanding anything to the contrary, this Section 27.A. will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceeding will be conducted within 30 miles of our then-existing principal business location.

B. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Arizona, without regard to its conflict of laws rules, provided, however, that: **(1)** the provisions of Section 18 shall be interpreted and construed under the laws of the jurisdiction in which your CLOVR Life Spa is located; and **(2)** any Arizona law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section 27.B

C. Consent to Jurisdiction and Venue. You and we agree that, to the extent any disputes cannot be resolved directly between us, you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your CLOVR Life Spa is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

D. Waiver of Certain Damages and Rights. You and we waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between us, we each will be limited to the recovery of actual damages sustained. You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.

E. Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 27 shall survive the expiration or earlier termination of this Agreement.

G. Limitations of Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship between you and us, or your operation of your CLOVR Life Spa, must be brought or asserted before the expiration of the earlier of: **(1)** the time period for bringing an action under any applicable state or federal statute of limitations; **(2)** 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or **(3)** 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales, and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

H. Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

28. MISCELLANEOUS

A. Gender and Number. All references to gender and number will be construed to include such other gender and number as the context may require.

B. Captions. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

C. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted will be the day or month of the designated action, event or notice. Days will be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically will be extended to the next day that is not a Saturday, Sunday or national holiday.

E. Delegation of Performance. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

F. Compliance with Anti-Terrorism Laws. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, the rules, orders and guidelines promulgated by the Office of Foreign Assets Control ("OFAC") and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, will constitute good cause for immediate termination of this Agreement, as provided in Section 19.B(15) above.

29. NOTICES AND PAYMENTS. No notice, demand, request or other communication to the parties will be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and: **(A)** if to us, is sent to 100 E Camelback Rd Suite 144, Phoenix, AZ 85012 (Attn: Legal

Department); or **(B)** if to you, is sent to the address and to the individual specified on **Exhibit 4** or is sent to the Premises of your CLOVR Life Spa. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first refusal of delivery) and may be: **(1)** delivered personally; **(2)** transmitted by facsimile or electronic mail to the e-mail address(es) or number(s) set forth above (or in **Exhibit 4**) with electronic confirmation of receipt; **(3)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(4)** mailed via overnight courier.

30. ACKNOWLEDGMENTS. You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgements and warranties will survive termination of this Agreement) that:

A. you have independently investigated the CLOVR Life Spa franchise opportunity and recognize that, like any other business, the nature of the business of CLOVR Life Spas may, and probably will, evolve and change over time;

B. an investment in a Spa Business involves business risks that could result in the loss of a significant portion or all of your investment;

C. your business abilities and efforts are vital to your success;

D. attracting customers for your CLOVR Life Spa will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display and use of in-store promotional materials;

E. you must maintain a high level of customer service, and adhere strictly to the System and our System Standards, and that you are committed to maintaining System Standards;

F. you have not received from us or any person or entity representing or claiming to represent us, and you are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Spa Business, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a Spa Business;

G. in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us;

H. you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Agreement;

I. you have read this Agreement and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Spa Business, and to protect and preserve the goodwill of the Marks;

J. you understand we may license others to operate businesses that offer, various aesthetic services, professional therapeutic massage and body services, nail and waxing services as well as related retail products, and other businesses with similar and different names and marks, and these businesses may operate in close proximity to your CLOVR Life Spa;

K. we have not made any representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement;

L. you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the CLOVR Life Spa franchise opportunity, and that we have not refused to answer any questions, inquiries, or requests;

M. you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or chosen not to do so; and

N. we may modify the offer of our franchise opportunity to other franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

SPA ACQUISITIONS, LLC	**FRANCHISEE**
____________________________________	____________________________________
By:___________________________________	By:___________________________________
Title:_________________________________	Title: _________________________________
Date**:** _______________________________	Date**:** _______________________________

EXHIBIT 1
TO THE CLOVR LIFE SPA FRANCHISE AGREEMENT

FRANCHISE INFORMATION

1. **The Premises.** The Premises will be located at: ____

____

____

If the Premises have not been approved in writing by us as of the Effective Date, we will insert the address of the Premises after you execute a lease, or otherwise secure the approved site for your CLOVR Life Spa.

2. **The Site Selection Area (Section 5.A):** If the Premises have not been determined as of the Effective Date, we will identify the Site Selection Area on a map attached to this Exhibit 1. Your rights in the Site Selection Area are subject to the limitations described in Section 5 of the Franchise Agreement. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries and will terminate immediately, without any further action, upon your identification of a Premises for your CLOVR Life Spa.

3. **The Protected Area shall is reflected on a map titled PROTECTED AREA attached to this Exhibit 1.**

4. **The Initial Franchise Fee (Section 7.A.):** $39,000.

FRANCHISEE:

____
Signature

____
By

____
Its

____
Date

SITE SELECTION AREA

Your rights in the Site Selection Area are subject to the limitations described in Section 5 of the Franchise Agreement. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

The Site Selection Area is depicted in the map above:

FRANCHISEE	**SPA ACQUISITIONS, LLC**
Initials:	**Initials:**

PROTECTED AREA

Your rights in the Protected Area are subject to the limitations described in Section 3.A and 3.B. Any boundaries contained in the description of the Protected Area will be considered fixed as of the date that you execute a Lease Agreement.

Franchisee's Protected Area is depicted in the map above.

FRANCHISEE	**SPA ACQUISITIONS, LLC**
Initials:	**Initials:**

EXHIBIT 2
TO THE CLOVR LIFE SPA FRANCHISE AGREEMENT

FORM OF COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (“Assignment”) is entered on ______, 201___ between SPA ACQUISITIONS, LLC, an Arizona Limited Liability Company (“Franchisor”), and __________________________ (“Franchisee”) located at _________________________________, and _________________________ (“Landlord”), located at_____________________________.

Subject to the provisions of this Assignment, Franchisee, to secure its obligations to Franchisor to affect various provisions of the Franchise Agreement dated ____________ between Franchisor and Franchisee (“Franchise Agreement”), and for other reasons, hereby assigns, transfers, and sets over unto Franchisor and/or such person(s)/entity(ies) as Franchisor may from time-to-time designate, all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to, and under that certain lease dated _________, ___, (“**Lease**”), as attached to this Assignment for the Premises located at ____________________, between Franchisee and Landlord, respecting that property commonly known as the CLOVR Life Spa (“**CLOVR Life Spa**”). Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless Franchisor, in its reasonable discretion, takes possession of the CLOVR Life Spa pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of such assumption.

Franchisor will not take possession of the CLOVR Life Spa until and unless Franchisee defaults, and/or receives notice of default, (and/or until there is a termination, cancellation or rescission of Franchisee's rights) under the Lease, any sublease, Franchise Agreement, any other document or instrument, or otherwise. In such event, Franchisor (or its designee) shall have the right (but not the obligation) to take possession of the CLOVR Life Spa, expel Franchisee from the CLOVR Life Spa, and, in such event, Franchisee shall have no further right, title or interest in or under the Lease or to the CLOVR Life Spa, all such rights thereby passing to Franchisor or its designee, in each case without Landlord's further consent. Franchisee agrees to do all acts necessary or appropriate to accomplish such assignment on Franchisor's request.

Franchisee agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor. Throughout the term of the Franchise Agreement, Franchisee agrees that it shall elect and exercise all options to extend the term of, or renew or assume in bankruptcy, the Lease not less than 30 days prior to the last day that any option must be exercised, unless Franchisor otherwise agrees in writing. If Franchisee fails to extend, renew, or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such options for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor.

Franchisor’s failure to exercise any remedy hereunder shall not be construed or deemed a waiver of any of its rights hereunder. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor shall have under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained herein shall bind Franchisee, and inure to the benefit of Franchisor, and their respective successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement between Franchisor and Franchisee shall apply. If there is more than one Franchisee, their obligations hereunder will be joint and several.

This document may be recorded by, and at the expense of, Franchisor.

SPA ACQUISITIONS, LLC

Signature: ______________________________

By: ___________________________________

Its: ___________________________________

Date:__________________________________

FRANCHISEE:_________________________

Signature_______________________________

By:____________________________________

Its: ___________________________________

Date: _________________________________

LANDLORD:___________________________

Signature_______________________________

By:____________________________________

Its: ___________________________________

Date: _________________________________

[ATTACH COPY OF EXECUTED LEASE]

EXHIBIT 3
TO THE CLOVR LIFE SPA FRANCHISE AGREEMENT

EDTA FORM

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

____ (Name of Person or Legal Entity)

____ (ID Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes SPA ACQUISITIONS, LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions. A voided check to the Depositor's account must be included with this EDTA form.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authority is to remain in full and force and effect until 60 days after Franchisor has received written notification from Franchisee of its termination or expiration.

____

Depositor

By:_____________________________________

Name:___________________________________

Title:____________________________________

Date:____________________________________

Attach a voided check to Depositor's account here.

EXHIBIT 4
TO THE CLOVR LIFE SPA FRANCHISE AGREEMENT
LISTING OF OWNERSHIP INTERESTS

Effective Date: This Exhibit 4 is current and complete as of ___________________________________

1. **Form of Ownership.**

(a) **Individual Proprietorship.** Your owner(s) (is) (are) as follows:

____

____

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on ______________________, under the laws of the State of _____________. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	**Position(s) Held**
_____________________________________	_____________________________________
_____________________________________	_____________________________________

2. **Owners.** The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name	**Percentage/Description of Interest**
_____________________________________	______________________________%
_____________________________________	______________________________%
_____________________________________	______________________________%
_____________________________________	______________________________%

3. **Contact Information of Person to Receive Notice for You**

Name:____
Address:____
Email Address:____
Fax Number: ____
Phone Number:____

4. **Operating Principal.** Your Operating Principal is _______________________________________

5. **Multi-Unit Manager.** If applicable, your Multi-Unit Manager is ___________________________

FRANCHISEE:

____

By:__________________________________

Title:________________________________

Date: ________________________________

EXHIBIT 5
TO THE CLOVR LIFE SPA FRANCHISE AGREEMENT
AGREEMENT TO BE BOUND AND TO GUARANTEE

This Agreement to Be Bound and to Guarantee ("**Agreement"**), dated as of the date stated at the end of this Agreement, executed by the guarantors identified in Section 19 of this Agreement (each a "**Guarantor"**) in favor of **SPA ACQUISITIONS, LLC** ("**Franchisor"**).

WHEREAS, as an inducement for Franchisor to execute and deliver, and to perform its obligations under, that certain Franchise Agreement ("**Franchise Agreement"**), dated as of the date stated in Section 19 of this Agreement, by and between Franchisor and the Franchisee identified in Section 19 of this Agreement ("**Franchisee"**), Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee to Franchisor and its affiliates (including, without limitation, obligations under the Franchisee Agreement (and the assignment of concession agreement, if applicable) executed in connection therewith) and to be bound by certain of the provisions contained in the Franchisee Agreement.

WHEREAS, Guarantor owns, directly or indirectly, a 5% or greater equity interest in Franchisee.

WHEREAS, Guarantor acknowledges and agrees that Franchisor will materially rely upon Guarantor's obligations under this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the execution and delivery of the Franchisee Agreement by Franchisor, and the performance of Franchisor's obligations thereunder, Guarantor agrees, for the benefit of Franchisor and its affiliates, as follows:

1. Guaranty. Guarantor unconditionally guarantees and promises to pay to Franchisor and/or its affiliates and to perform, for the benefit of Franchisor and/or its affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to or arising out of the Franchisee Agreement as well as any other agreements executed by Franchisee in conjunction with the Franchisee Agreement, if applicable, executed in connection therewith and/or any other agreement with Franchisor or its affiliates.

2. Confidentiality.

(a) Guarantor acknowledges that Franchisor is engaged in a highly competitive business, the success of which is dependent upon, among other things, trade secrets and other confidential and proprietary information, processes, materials and rights relating to the development, promotion and operation of the CLOVR Life Spa (as defined in the Franchise Agreement), including, without limitation, Franchisor's Confidential Manual, method of operation, processes, techniques, formulae and procedures (collectively, the **"Proprietary Information"**). Guarantor further acknowledges that the Proprietary Information constitutes valuable trade secrets.

(b) Guarantor agrees not to use for any purpose, or disclose or reveal (and must cause all of Franchisee's directors, officers and employees not to use for any purpose, or disclose or reveal), during the term of this Agreement or forever thereafter, to any person any contents of Franchisor's Confidential Manual, any Proprietary Information or any other information relating to the operation of the CLOVR Life Spa. Guarantor must fully and strictly comply with all security measures prescribed by Franchisor for maintaining the confidentiality of all Proprietary Information.

(c) Guarantor acknowledges that to breach her or her obligations under this Section 2 would cause damage to Franchisor and to Franchisor's other franchisees and that Guarantor would be liable for this damage.

(d) Notwithstanding the foregoing, Guarantor may disclose Proprietary Information to a person who is bound by the terms of this provision regarding confidentiality and a restrictive covenant contemplated by Section 11 of the Franchisee Agreement, to the extent that that disclosure is necessary in connection with that person's capacity with Franchisee.

(e) Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 2:

(i) Information which is in the public domain as of the date of receipt by Franchisee;

(ii) Information which is known to Franchisee prior to the date of receipt by Franchisee;

(iii) Information which becomes known to the public without a breach of the provisions of this Section 2 of the Agreement or any other agreement executed in connection with the Franchisee Agreement; and

(iv) Information which is required by law to be disclosed or revealed, but only strictly to the extent required by law.

3. Covenant Not to Compete.

(a) Guarantor agrees that, during the term of this Agreement and for the "Restricted Period" following the expiration or earlier termination of this Agreement, he/she will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(i) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competing Business; or

(ii) divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any Spa Business to a Competing Business.

(b) For purposes of this Agreement, the term "Restricted Period" shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated.

(c) During the term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 3. During the Restricted Period, these restrictions will apply at the Premises; within the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Spa Business in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement; or (ii) the date on which all persons restricted by Section 3 begin to comply with Section 3 (the "Restricted Area").

(d) If, at any time during the Restricted Period, Guarantor fails to comply with the obligations contained in this Section 3, that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 3. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 3.

(e) If any restriction in this Section 3. is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

(f) For purposes of this Section 3, a business will be deemed a Competing Business if 15% of its gross sales are derived from the marketing or sale of customized aesthetic and beauty services, therapeutic massage, nail care services (manicures and pedicures), skincare, waxing services, and/or related retail products.

4. Use of Name and Likeness. Franchisor will be entitled to use the name, likeness and voice of Guarantor for purposes of promoting the franchise, Franchisor and its products, including, without limitation, all photos and audio and video recordings, and Guarantor hereby irrevocably consents thereto. Guarantor acknowledges that Franchisor will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as moral rights, artist's rights, publicity rights or the like associated with such photos and audio and video recordings, and assigns and transfers unto Franchisor the full and exclusive right, title, and interest to such publicity rights.

5. Innovations. Guarantor may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, recipes, formulae, products, packaging or other concepts and features relating to the manufacturing, production, marketing and sale of customized aesthetic and beauty services, professional therapeutic massage and body services, nail care, skincare and waxing services, meditation, and related retail products or other similar services and products in connection with the CLOVR Life Spa (the "**Innovations"**). Guarantor assigns any and all of its rights, title and interest in the Innovations, including, without limitation, any intellectual property rights, to Franchisor, and also agrees to cooperate with Franchisor and its counsel in the protection of the Innovations, including, without limitation, the perfecting of title thereto.

6. Copyrights; Works-for-Hire; Solicitation. All advertising and promotional materials generated by or for Franchisee or its officers, managers or employees for the CLOVR Life Spa will be deemed a work-made-for-hire, and all ownership rights, including, without limitation, any copyrights, in such advertising and promotional materials are hereby assigned to Franchisor. In addition, Guarantor will cooperate in the protecting any items or materials suitable for copyright protection by Franchisor. Guarantor must not solicit other franchisees or Franchisees, or use the lists of franchisees and Franchisees, for any commercial or other purpose other than purposes directly related to the operation of the CLOVR Life Spa.

7. Guaranty of Payment. This is a guaranty of payment and not of collection. This Agreement will remain in full force and effect until all amounts payable by Guarantor shall have been validly, finally and irrevocably paid in full and all obligations to be performed by Guarantor shall have been validly, finally and irrevocably performed in full.

8. Waiver. Guarantor hereby waives all requirements as to presentment for payment, protest, diligence and demand and notice of acceptance, default, protest, demand, dishonor and nonpayment, and all benefits and requirements of Arizona Revised Statutes Section 12-1641, et seq., and Rule 17(f) of the Arizona Rules of Civil Procedure for the Superior Courts of Arizona, which describe certain rights and obligations among guarantors, debtors and creditors, if applicable. This Agreement will not be affected in any way by (a) the absence of any action to obtain such amounts from Franchisee or any other guarantor or indemnitor or of any recourse to any security for such amounts or (b) any extension, waiver, compromise or release of any or all of the obligations of Franchisee or any guarantor.

9. Subrogation. Guarantor hereby agrees that he will not exercise any rights of subrogation which he may acquire due to any payment or performance of the obligations of Franchisee pursuant to this Agreement unless and until all amounts payable to Franchisor or its affiliates, and all obligations for the benefit of Franchisor or its affiliates, shall have been validly, finally and irrevocably paid and performed in full.

10. Reasonable Restraints; Remedies. Guarantor acknowledges that the covenants contained in this Agreement (including, without limitation, the territorial and time restraints) are reasonable and necessary and agrees that her failure to adhere strictly to the restrictions contained herein will cause substantial and irreparable damage to Franchisor, Franchisee and to Franchisor's other franchisees. In the event of any breach by Guarantor of any of the terms of this Agreement, Franchisor and/or Franchisee will be entitled to institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor and/or Franchisee may be entitled. Guarantor agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's and Franchisee's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision hereof, without the necessity of posting bond therefor or proof of actual damages.

11. Enforceability. If the scope of any restriction contained in this Agreement is too broad to permit the enforcement of such restriction to its fullest extent, then such restriction will be enforced to the maximum extent permitted by law, and Guarantor hereby consents and agrees that such scope may be judicially limited or modified accordingly in any proceeding brought to enforce such restriction. Each covenant contained in this Agreement is independent and severable and, to the extent that any such covenant shall be declared by a court of competent jurisdiction to be illegal, invalid or unenforceable, such declaration will not affect the legality, validity or enforceability of any other provision contained herein or the legality, validity or enforceability of such covenant in any other jurisdiction.

12. No Waiver. No failure or delay on the part of Franchisor or its affiliates in exercising its rights hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any such right will be deemed a waiver of any other right hereunder. The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

13. Attorneys' Fees. Guarantor will pay reasonable attorneys' fees and expenses and all other costs and expenses that may be incurred by Franchisor or its affiliates in connection with enforcing this Agreement.

14. Arizona Law to Govern; Jurisdiction; Right to Jury Trial and Class Action Waived; Certain Damages Waived; Statute of Limitations. This Agreement will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary. Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Maricopa County, Arizona, and each party consents to the jurisdiction of those courts; provided, however, that Franchisor may seek to obtain injunctive relief in any court that Franchisor may select. GUARANTOR HEREBY WAIVES THE RIGHT TO A JURY TRIAL, WAIVES THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION, AND WAIVES THE RIGHT TO SEEK OR COLLECT PUNITIVE, CONSEQUENTIAL AND SPECIAL DAMAGES IN ANY FORUM, INCLUDING, WITHOUT LIMITATION, ARBITRATION. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, GUARANTOR AGREES THAT ANY CLAIMS UNDER, ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE BROUGHT WITHIN TWO YEARS OF THE DATE ON WHICH THE UNDERLYING CAUSE OF ACTION ACCRUED, AND GUARANTOR HEREBY WAIVES ANY RIGHT TO BRING ANY SUCH ACTION AFTER SUCH TWO-YEAR PERIOD.

15. Binding Nature of Agreement. This Agreement will be binding upon Guarantor and her respective successors, heirs and assigns and will inure to the benefit of Franchisor, its affiliates and their respective successors and assigns.

16. Joint and Several. If more than one person signs this Agreement as a Guarantor, her, her or its obligation will be joint and several.

17. Entire Agreement; Amendment. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by each of the parties. The provisions of Section 18 are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE

Date of Franchisee Agreement: ____

Printed Name(s) of Guarantor(s):____

____

____

Name of Franchisee: ____

GUARANTORS

____ _______________________________________

Name: _______________________________________ Name: _________________________________
(Print Name) (Print Name)

Date: ___________________________________ Date:__________________________________

Address: ________________________________ Address: _____________________________

____ _______________________________________

Name: _______________________________________ Name: _________________________________
(Print Name) (Print Name)

Date: ___________________________________ Date: __________________________________

Address: ________________________________ Address:______________________________

____ _______________________________________

EXHIBIT 6 TO THE CLOVR LIFE SPA FRANCHISE AGREEMENT
LISTING ASSIGNMENT AGREEMENT

In accordance with the terms of the Franchise Agreement ("Franchise Agreement") between SPA ACQUISITIONS, LLC ("CLOVR Life Spa") and ____________ ("you"), executed concurrently with this Listing Assignment Agreement, under which CLOVR Life Spa granted you the right to own and operate a franchised CLOVR Life Spa ("Franchised Business"), you, for value received, hereby assign to CLOVR Life Spa all of your right, title, and interest in and to those certain telephone numbers, facsimile numbers, regular, classified, or other telephone directory listings, URLs and domain names (collectively, the "Listings") associated with CLOVR Life Spa's trade and service marks and used from time to time in connection with the operation of your CLOVR Life Spa.

This assignment is for collateral purposes only and, except as specified in this Agreement, CLOVR Life Spa will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless CLOVR Life Spa notifies the telephone company, domain name registries and internet service providers and all listing agencies (collectively, the "Listing Agencies") pursuant to the terms of this Agreement to effectuate the assignment.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), CLOVR Life Spa will have the right and is hereby empowered to effectuate the assignment of the Listings, and, in such event, you will have no further right, title, or interest in the Listings and will remain liable to the Listing Agencies for all past due fees owing to the Listing Agencies on or before the effective date of the assignment.

You agree and acknowledge that as between CLOVR Life Spa and you, upon termination or expiration of the Franchise Agreement, CLOVR Life Spa will have the sole right to and interest in the Listings, and you appoint CLOVR Life Spa as your true and lawful attorney-in-fact to direct the Listing Agencies to assign the same to CLOVR Life Spa, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, you will immediately notify the Listing Agencies to assign the Listings to CLOVR Life Spa; you also agree not to utilize any call forwarding messages referring to another number. If you fail to promptly direct the Listing Agencies to assign the Listings to CLOVR Life Spa, CLOVR Life Spa will direct the Listing Agencies to effectuate the assignment contemplated under this Agreement, to CLOVR Life Spa.

The parties agree that the Listing Agencies may accept written direction from CLOVR Life Spa, or this Assignment, as conclusive proof of CLOVR Life Spa's exclusive rights in and to the Listings upon such termination or expiration.

The parties further agree that if a Listing Agency requires that the parties execute the Listing Agency's assignment forms or other documentation at the time of termination or expiration CLOVR Life Spa's execution of such forms or documentation will effectuate your consent and agreement to the assignment. The parties agree that at any time after the date of this Agreement, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described in this Agreement upon termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Franchise Agreement was executed.

SPA ACQUISITIONS, LLC	**FRANCHISEE**:____________________________
Signature: ________________________________	Signature: ________________________________
By: ______________________________________	By: ______________________________________
Its: ______________________________________	Its: ______________________________________
Date:_________________________________	Date:_________________________________

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made as of ________________, ("Effective Date"), by and between **SPA ACQUISITIONS, LLC**, an Arizona Limited Liability Company ("**CLOVR Life Spa**") and ___________________, with its principal place of business at ___________________________ and ______ _____________("Applicant"), and certain of Applicant's employees identified below ("Employees").

RECITALS

As a result of the expenditure of considerable time, skill, effort and money, CLOVR Life Spa and its affiliates have developed and own a unique system ("System") for the development and operation of a spa business under the name "CLOVR LIFE SPA" that offers some or all of the following spa services: customized aesthetic and beauty services, professional therapeutic massage, nail care services (manicures and pedicures), skincare, waxing services, and a meditation room (the "Chill Lounge") as well as related retail products ("CLOVR Life Spas").

Applicant has expressed interest in purchasing a franchise from CLOVR Life Spa to operate one or more CLOVR Life Spas.

In order to evaluate the possibility of entering into a franchise agreement with CLOVR Life Spa to establish and operate one or more CLOVR Life Spas, Applicant and Employees desire to receive from CLOVR Life Spa certain confidential business information including, but not limited to the information contained in the CLOVR Life Spa Manual ("Manual"). Applicant and Employees recognize the importance of maintaining the confidentiality of this information.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Applicant and Employees agree as follows:

1. Confidential Information

A. Definition of Confidential Information. As used in this Agreement, the term "Confidential Information" means all information that has been created, discovered or developed by CLOVR Life Spa and/or its affiliates, that is in any way proprietary to CLOVR Life Spa and/or its affiliates. Confidential Information includes, but is not limited to, trade-secrets, know-how, methodologies, System information, technical information, statistics, software, hardware, materials, plans, designs, schematics, reports, studies, notes, analyses, summaries, business, market and development plans, customer lists, the Manual, as amended from time to time, and other information regarding customer relationships, financial information and projections, artwork, information regarding the manner and methods of locating a site for, developing, operating and promoting CLOVR Life Spas, information contained in the Manual, information regarding the retail and commercial operations of CLOVR Life Spa and its affiliates, and all information that: **(1)** derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and **(2)** is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Confidential Information may be in written form or obtained orally.

B. Exclusion from Definition of Confidential Information. The term "Confidential Information" does not include: **(1)** information that is now or hereafter becomes publicly known through no fault of Applicant or any Employee, or by any other person, firm or corporation affiliated with Applicant or any Employee; **(2)** information that was in Applicant's or any Employee's possession before the Effective Date; and **(3)** information that comes into Applicant's or any Employee's possession after the Effective Date from a source not under an obligation of secrecy to CLOVR Life Spa. As used in this Agreement, the phrase "publicly known" means readily accessible to the public in a written publication, and shall not include information which is available only by a substantial searching of the published literature and information the substance of which must be pieced together from a number of different publications and sources. The burden of proving that information or skills and experience are not Confidential Information shall be on the party asserting such exclusion.

C. Treatment of Confidential Information. Applicant and Employees hereby acknowledge, understand and agree that the Confidential Information: **(1)** is the exclusive and confidential property of CLOVR Life Spa or its affiliates and incorporates trade secrets and copyrights owned by them; **(2)** gives CLOVR Life Spa and its affiliates some competitive business advantage or the opportunity of obtaining such an advantage, the disclosure of which could be detrimental to the interests of CLOVR Life Spa and its affiliates; and **(3)** is not generally known by non-CLOVR Life Spa personnel. Applicant and Employees shall at all times treat the Confidential Information in accordance with this Agreement.

D. No License. This Agreement entitles Applicant and Employees to use the Confidential Information solely in connection with Applicant's exploration of the CLOVR Life Spa franchise opportunity. No license, express or implied, in the Confidential Information is granted to Applicant or Employees other than to use the Confidential Information in the manner and to the extent authorized by this Agreement.

2. Covenants of Applicant and Employees. As a consequence of Applicant's and Employees' acquisition or anticipated acquisition of Confidential Information, Applicant and Employees will occupy a position of trust and confidence with respect to CLOVR Life Spa's affairs and business. In view of the foregoing, Applicant and Employees agree that it is reasonable and necessary that Applicant and Employees agree, while this Agreement is in effect, to the following:

A. Limited Use. Applicant and Employees shall use the Confidential Information solely for purposes of evaluating whether or not Applicant will invest in a CLOVR Life Spa franchise. Neither Applicant nor Employees shall make any other uses of the Confidential Information. If Applicant does not invest in a franchise, the obligations set forth in this Section 2 will remain in effect for three (3) years from the date the Applicant decides not to invest in a CLOVR Life Spa franchise; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end two (2) years from the date the Applicant decides not to invest in a CLOVR Life Spa franchise; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Applicant decides not to invest in a CLOVR Life Spa franchise; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Applicant decides not to invest in a CLOVR Life Spa franchise.

B. No Disclosure. Applicant and Employees shall not disclose the Confidential Information to any person or entity other than Applicant's attorney or accountant as necessary to evaluate the opportunity provided by CLOVR Life Spa and agree to protect the Confidential Information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Applicant and Employees use to protect Applicant's confidential information.

C. No Use, Copying or Transfer. Applicant and Employees shall not use, copy or transfer Confidential Information in any way and shall protect the Confidential Information against unauthorized use, copying or transfer using the same degree of care, but no less than a reasonable degree of care, as Applicant and Employees use to protect Applicant's confidential information. This prohibition against use, copying, or transfer of Confidential Information includes, but is not limited to, selling, licensing or otherwise exploiting, directly or indirectly, any products or services which embody or are derived from

Confidential Information. Applicant and Employees further agree not to remove, overprint, or deface any notice of copyright, trademark, logo, or other notices of ownership from any Confidential Information.

D. Applicability. These covenants shall apply to all Confidential Information disclosed to Applicant or Employees by CLOVR Life Spa prior to the date of this Agreement.

3. Return of Confidential Information. Nothing in this Agreement obligates either CLOVR Life Spa or Applicant to enter into a franchise agreement for the operation of a CLOVR Life Spa. Applicant acknowledges that CLOVR Life Spa's decision to consider Applicant for any franchise opportunity, as well as the location and type of franchise opportunity to be offered, if any, and the terms of any contracts, will be made by CLOVR Life Spa in its sole discretion. If, at any time, CLOVR Life Spa determines that it does not wish for Applicant to become a franchisee, or Applicant determines that it does not wish to invest in a CLOVR Life Spa franchise, or if CLOVR Life Spa requests, at any time and for any reason, that Applicant and Employees do so, Applicant and Employees agree to: **(A)** immediately cease to use the Confidential Information; **(B)** immediately return to CLOVR Life Spa the Confidential Information and all copies thereof (whether or not such copies were authorized) and cause any third party to whom disclosure was made to do the same; and **(C)** at the request of CLOVR Life Spa, certify in writing that Applicant, Employees and all others to whom Applicant has provided such Confidential Information, have complied with subsections (A) and (B) above.

4. Notice to CLOVR Life Spa. Applicant and Employees shall immediately notify CLOVR Life Spa of any information that comes to their attention that indicates that there has been or may be a loss of confidentiality of any of the Confidential Information or a breach of this Agreement.

5. Waiver. Applicant and Employees acknowledge that no waiver by CLOVR Life Spa of any breach by Applicant or Employees of any provision of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

6. Enforcement.

A. Governing Law. This Agreement and any claim or controversy arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to conflicts of laws principles.

B. Forum. To the extent any disputes cannot be resolved directly between Applicant, Employees and CLOVR Life Spa, Applicant and Employees agree to file suit against CLOVR Life Spa only in the federal or state court having jurisdiction where CLOVR Life Spa's principal offices are located at the time suit is filed. Applicant and Employees acknowledge that CLOVR Life Spa may file suit in the federal or state court located in the jurisdiction where Applicant's principal offices are located at the time suit is filed or in the jurisdiction where Applicant resides or does business or where the claim arose. Applicant and Employees consent to the personal jurisdiction of those courts and to venue in those courts.

C. Injunctive relief. It is hereby understood and agreed that: **(1)** a breach of this Agreement by Applicant or Employees would result in irreparable harm to CLOVR Life Spa, the extent of which would be difficult to ascertain; **(2)** monetary damages would be an inadequate remedy for such a breach; and **(3)** CLOVR Life Spa shall be entitled to specific performance and injunctive or other equitable relief as a court may deem appropriate in the event of such a breach without posting a bond or other security and without waiving any additional rights or remedies otherwise available to CLOVR Life Spa at law or in equity or by statute.

D. Reimbursement of Costs and Expenses. If CLOVR Life Spa brings an action to enforce this Agreement in a judicial proceeding and prevails in that proceeding, then CLOVR Life Spa will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

E. Third Party Beneficiary. Applicant and Employees hereby acknowledge and agree that CLOVR Life Spa is an intended third-party beneficiary of this Agreement with the right to enforce it.

7. Miscellaneous.

A. Severability. If a court of competent jurisdiction deems any provision of this Agreement invalid, unreasonable or unenforceable, then the remaining provisions will not be affected, and the invalid provision may be enforced to the extent deemed reasonable by the court.

B. Headings. Section headings in this Agreement are for reference only and shall not be construed as modifying any provisions of this Agreement.

C. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

[THE REMAINDER OF THE PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Agreement as of the day and year above written.

APPLICANT:

(IF APPLICANT IS AN ENTITY)

____

By:____________________________________

Title:__________________________________

Date**:** _________________________________

(IF APPLICANT IS AN INDIVIDUAL)

____

By:____________________________________

Title:__________________________________

Date**:** _________________________________

FRANCHISEE

____

By:____________________________________

Title: _________________________________

Date**:** _________________________________

EMPLOYEE

____
Signature

____
Print Name

Date**:** ____________________________________

EMPLOYEE

____
Signature

____
Print Name

Date**:** ___________________________________

GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on ___________________________ by __________________________________ ("Franchisee") and ___________________ ("Guarantors") as a condition of [PICK ONE]: the transfer of a CLOVR Life Spa by Franchisee [or] the renewal of a CLOVR Life Spa franchise agreement dated ________________ ("Franchise Agreement") between Franchisee and CLOVR Life Spa [or] the termination of a CLOVR Life Spa Franchise Agreement dated __________________ ("Franchise Agreement") between Franchisee and CLOVR Life Spa.

1. Release by Franchisee and Guarantors. Franchisee (if Franchisee is an entity, on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities and, if Franchisee is an individual, on behalf of himself/herself and his/her heirs, representatives, successors and assigns) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, "Franchisee Releasors") freely and without any influence forever release and covenant not to sue CLOVR Life Spa and its parent, subsidiaries and affiliates and their respective past and present officers, directors, members, shareholders, agents and employees, in their corporate and individual capacities, (collectively "CLOVR Life Spa Releasees") with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Franchisee Releasor ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the Franchise Agreement and all other agreements between any Franchisee Releasor and any CLOVR Life Spa Releasee, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

IF FRANCHISEE OR GUARANTORS ARE BASED IN CALIFORNIA: Franchisee and Guarantors (on behalf of the Franchisee Releasors) expressly agree that, with respect to this release, any and all rights granted under Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HER SETTLEMENT WITH THE DEBTOR.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No Prior Assignment. Franchisee and Guarantors represent and warrant that the Franchisee Releasors are the sole owners of all Claims and rights released hereunder and that the Franchisee Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Covenant Not to Sue. Franchisee and Guarantors (on behalf of the Franchisee Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. Complete Defense. Franchisee and Guarantors: **(A)** acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and **(B)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of CLOVR Life Spa and each Franchisee Releasor.

7. Governing Law. This Release and all claims relating to this Release shall be governed by and construed under the law of the State of Arizona. CLOVR Life Spa, Franchisee and Guarantor shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where CLOVR Life Spa's principal offices are located. CLOVR Life Spa may file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee or Guarantors reside or do business, or where the claim arose.

8. Miscellaneous

A. This Release constitutes the entire, full and complete agreement between the parties concerning the release of Claims by the parties and supersedes any and all prior or contemporaneous negotiations, discussions, understandings or agreements. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

B. The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

C. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders or regulations.

D. All terms not defined in this Release shall have the meaning given to them in the

Franchise Agreement.

E. All captions in this Release are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

F. This Release may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown below.

FRANCHISEE

____

By:___________________________________

Title:_________________________________

Date**:** _______________________________

FRANCHISEE
(IF FRANCHISEE IS AN INDIVIDUAL)

____

By:___________________________________

Title:_________________________________

Date**:** _______________________________

GUARANTOR

____
Signature

____
Print Name

Date**:** _________________________________

GUARANTOR

____
Signature

____
Print Name

Date**:** ________________________________

[Attach additional signature pages as needed]

Exhibit F
Audited Financial Statements
for Spa Acquisitions, LLC

Henry+Horne
Offering You More

CONSENT

Henry & Horne, LLP hereby consents to the use in the Franchise Disclosure Document dated April 16, 2020, as it may be amended, to be distributed to franchisees and filed by Spa Acquisitions, LLC, of our report dated March 21, 2020, relating to the financial statements of Spa Acquisitions, LLC, for the period February 22, 2019 (date of inception) through December 31, 2019.

Henry & Horne, LLP

April 16, 2020

2055 E. Warner Road, Suite 101 Tempe, Arizona 85284 • 480-839-4900
Tempe • Scottsdale • Casa Grande | www.hhcpa.com

Financial Reports

CLOVR LIFE SPA

SPA ACQUISITIONS, LLC

Scottsdale, Arizona

FINANCIAL STATEMENTS

For the Period February 22, 2019 (Date of Inception)
Through December 31, 2019

Henry+Horne

SPA ACQUISITIONS, LLC
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INDEPENDENT AUDITORS' REPORT

To the Board of Managers of
Spa Acquisitions, LLC

We have audited the accompanying financial statements of Spa Acquisitions, LLC, which comprise the balance sheet as of December 31, 2019, and the related statements of operations and changes in equity and cash flows for the period February 22, 2019 (date of inception) through December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spa Acquisitions, LLC as of December 31, 2019, and the results of its operations and cash flows for the period February 22, 2019 (date of inception) through December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Henry & Horne, LLP

Tempe, Arizona
March 21, 2020

SPA ACQUISITIONS, LLC
BALANCE SHEET
December 31, 2019

ASSETS	
CURRENT ASSETS	
Cash	$ 478,353
Accounts receivable	5,126
Other receivables	20,176
Prepaid expenses	10,680
Deferred franchise costs, current portion	2,200
TOTAL CURRENT ASSETS	516,535
PROPERTY AND EQUIPMENT, net	37,529
OTHER ASSETS	
Deferred franchise costs, net of current portion	18,150
Lease deposit	15,780
Goodwill, net	731,376
Intangible assets, net	1,497,456
TOTAL ASSETS	$ 2,816,826
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Accounts payable	$ 174,720
Accrued expenses	33,824
Deferred franchise fees, current portion	30,403
TOTAL CURRENT LIABILITIES	238,947
DEFERRED FRANCHISE FEES, net of current portion	195,273
TOTAL LIABILITIES	434,220
COMMITMENTS AND CONTINGENCIES	-
EQUITY	
Member's equity	2,497,606
Receivable from member	(115,000)
TOTAL EQUITY	2,382,606
TOTAL LIABILITIES AND EQUITY	$ 2,816,826

See accompanying notes.

SPA ACQUISITIONS, LLC
STATEMENT OF OPERATIONS AND CHANGES IN EQUITY
For the Period February 22, 2019 (Date of Inception) through December 31, 2019

REVENUES	
Regional developer fees	$ 16,087
Royalty fees	61,515
Franchise fees	7,394
Technology fees	46,923
Advertising fund fees	9,263
TOTAL REVENUES	141,182
COST OF REVENUES	
Regional developer royalties	26,355
Regional developer commissions	1,650
Technology cost of revenues	38,437
TOTAL COST OF REVENUES	66,442
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	
Salaries and benefits	691,361
Selling and marketing expenses	360,888
Depreciation and amortization	245,299
Other general and administrative expenses	680,586
TOTAL SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	1,978,134
OTHER EXPENSE	34,000
NET LOSS	(1,937,394)
EQUITY AT BEGINNING OF PERIOD	-
ADVANCES TO MEMBER	(115,000)
CONTRIBUTIONS FROM MEMBERS	4,435,000
EQUITY AT END OF PERIOD	$ 2,382,606

SPA ACQUISITIONS, LLC
STATEMENT OF CASH FLOWS
For the Period February 22, 2019 (Date of Inception) through December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (1,937,394)
Adjustment to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation	11,266
Amortization of intangible assets	234,033
(Increase) decrease in:	
Accounts receivable	(5,126)
Other receivables	(20,176)
Deferred franchise costs	(20,350)
Prepaid expenses	8,811
Increase (decrease) in:	
Accounts payable	169,720
Accrued expenses	33,824
Deferred franchise fees	191,019
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,334,373)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(7,274)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions by member	1,935,000
Receivable from member	(115,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,820,000
NET INCREASE IN CASH	478,353
CASH AT BEGINNING OF PERIOD	-
CASH AT END OF PERIOD	$ 478,353

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Spa Acquisitions, LLC (the "Company") was organized as a Delaware limited liability company on February 22, 2019, for the purpose of developing, managing, operating and selling day spa franchises throughout the United States. The day spa franchises offer customized aesthetics and beauty services, professional therapeutic massages, facials, nail services, waxing services, hair blowouts, teeth whitening, and a relaxation room as well as related retail products in a safe, clean and welcoming environment.

As of December 31, 2019, four day spas were opened and operational. There were also three day spas sold that were not yet operational.

Acquisition

On March 13, 2019, the Company entered into a contribution agreement with Sirius Day Spa Franchising, LLC ("SDSF") and Propr Holdings, LLC ("HOLDCO") in which SDSF contributed and transferred certain assets and liabilities to the Company in exchange for 50% ownership, and HOLDCO agreed to contribute $2,500,000 in cash to the Company for 50% ownership. Of the $2,500,000 cash contributions, $1,000,000 was contributed on the closing date, March 13, 2019, $935,000 was contributed in late 2019, and the remaining $565,000, as later amended, was agreed to be paid subsequent to December 31, 2019.

The following table summarizes the values of the assets acquired and liabilities assumed at the acquisition date:

Prepaid expenses	$ 19,491
Lease deposit	15,780
Property and equipment	41,521
Regional developer and franchise agreements	1,665,000
Goodwill	797,865
Total identifiable assets acquired	2,539,657
Accounts payable	(5,000)
Deferred franchise fees	(34,657)
Total identifiable liabilities assumed	(39,657)
Net assets acquired	$ 2,500,000

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition (Continued)

Goodwill recognized as part of the acquisition is based upon the Company's potential for growth with new franchises and regions, and intangible assets acquired and associated with the business that do not qualify for separate recognition.

The remaining assets and liabilities acquired as part of the acquisition are accounted for using the purchase method of accounting and, accordingly, were recorded at their estimated fair values at the date of acquisition.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less at date of acquisition to be cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from franchisees for franchise fees, royalty fees, technology fees, and advertising fund fees. The Company considers a reserve for doubtful accounts based on the creditworthiness of the franchisee. The reserve for doubtful accounts is continually reviewed and adjusted to maintain the reserve at a level considered adequate to cover future losses. The reserve is management's best estimate of uncollectible amounts and is determined based on specific identification and historical performance that are tracked by the Company on an ongoing basis. The losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. The Company determined that an allowance for doubtful accounts was not necessary as of December 31, 2019.

Deferred Franchise Costs

The Company incurs commissions in connection with the sale of regional developer regions and franchises. These commissions are deferred and recognized in costs of revenues when the related revenue for the sale of the regional developer region or franchise is recognized.

Property and Equipment

Property and equipment is recorded at cost. The Company depreciates its property and equipment on the straight-line method using estimated useful lives. Expenditures for maintenance and repairs that do not materially prolong the normal useful life of an asset will be charged to expense as incurred. Additions and betterments that substantially extend the useful life of an asset are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from their respective accounts and any gain or loss is included in other income (expense).

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill represents the excess of the equity credited to the members over the value of net assets contributed to the Company in connection with the contribution agreement. Goodwill is amortized on a straight-line basis over a 10-year useful life. When events or circumstances indicate that goodwill may be impaired, goodwill is tested for impairment at the entity level. Impairment, if any, is recognized for the difference between the fair value of the Company and its carrying amount and is limited to the carrying amount of goodwill. No impairment losses were recognized during the period ended December 31, 2019.

Intangible Assets

Intangible assets consist of regional developer and franchise agreements acquired in the acquisition of the SDSF assets. An income approach was used to determine the fair value of the acquired regional developer and franchise agreements asset. The Company amortizes the regional developer and franchise agreements on a straight-line basis over the remaining terms of the respective agreements, which have a weighted average life of 8.7 years. Regional developer and franchise agreements have an initial term of 10 years. The Company lacks historical experience in renewing or extending such agreements. Accordingly, the Company determined the life of the original agreements to be appropriate. The Company's future cash flows would be materially impacted by its ability to extend or renew the regional developer and franchise agreements at the end of their initial 10-year terms.

Intangible assets are reviewed annually for impairment or when events or circumstances indicate their carrying amount may not be recoverable. The Company also reviews the estimated useful lives of intangible assets annually to determine if events or circumstances warrant a change in the remaining useful life of an asset. No impairment losses were recognized during the period ended December 31, 2019.

Revenue Recognition

The Company generates revenues through franchise fees, regional developer fees, royalty fees, advertising fund fees, and technology fees.

Initial Franchise Fees

The Company requires the entire initial franchise fee to be paid upon execution of the franchise agreement, which has an initial term of ten years from the date of day spa opening. The franchise agreement requires the Company to provide various services throughout the term of the agreement including training and ongoing operational support. These services are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Recognition of franchise fees is deferred until the day spa opening and is then recognized over the term of the franchise agreement.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Regional Developer Fees

The Company has established a regional developer program to bring on regional developer franchisees (“Regional Developers”) to assist in developing day spas in a specified geographical region. Regional Developers pay a development fee per day spa to obtain the rights to develop day spas within a specified geographical region. Regional Developers generally receive 50% of franchise fees collected and 3% of all collections made by the franchisees within their region. The regional developer agreements require the Company to provide various services to the regional developer throughout the term of the agreement including training and ongoing operational support. These services are highly interrelated with the development of the region and the resulting franchise licenses developed by the regional developer and as such are considered to represent a single performance obligation. This regional developer fee is due upon signing of a regional developer agreement and is recognized as revenue on a straight-line basis over the term of the agreement, commencing upon the execution of the agreement.

Royalty Fees

The Company collects royalty fees, as stipulated in the franchise agreement, equal to 7% of gross sales (as such term is defined in the franchise agreement). Royalty fees are sales-based, relate to the Company’s performance obligation under the franchise agreement, and are recognized as franchisee level sales occur.

Advertising Fund Fees

Advertising fund fees are collected, as stipulated in the franchise agreement, equal to 1% of gross sales. The advertising fund fees support research, development and support costs and are used to develop and promote the brand name for marketing purposes. Advertising fund fees are sales-based, relate to the Company’s performance obligation under the franchise agreement, and are recognized as revenue as franchisee level sales occur.

Technology Fees

The Company collects a monthly technology fee for use of the Company’s proprietary software, computer support, and internet services support. Technology fees are recognized as revenue when earned over the term of the respective franchise agreement.

Advertising

Advertising costs are charged to expense as incurred. Advertising expenses were approximately $361,000 for the period ended December 31, 2019.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and reported by its members on their respective income tax returns. The Company's tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates have been made by management in determining the value of intangible assets and resulting goodwill acquired as part of the acquisition. Because of the inherent uncertainties in these estimates, it is at least reasonably possible that a change in estimate will occur in the near term that could have a significant effect on the financial statement.

Date of Management's Review

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 21, 2020, the date the financial statements were available to be issued.

NOTE 2 RELATED PARTY TRANSACTIONS

Receivable from Member

As part of the contribution agreement described in Note 1, the Company agreed to advance up to $150,000 to SDSF to assist in covering certain transaction and closing expenses. The advance will be repaid by the application of any distributions to be made by the Company to SDSF under terms of the operating agreement. As of December 31, 2019, the Company had advanced $115,000 to SDSF. This amount is classified within equity on the balance sheet.

NOTE 2 RELATED PARTY TRANSACTIONS (Continued)

Consulting Agreements

The Company entered into a consulting agreement with one of the principal owners of SDSF to provide strategic advisory services to the Company. The Company incurred approximately $96,000 of consulting expenses during the period ending December 31, 2019 for these services. As of December 31, 2019, the Company had an outstanding accounts payable balance to this related party of $13,500. The agreement requires minimum annual consulting fees to be paid to the principal owner beginning March 13, 2019. The future minimum consulting fees are as follows:

Year Ending December 31,		
2020	$	120,000
2021		120,000
2022		104,167
2023		100,000
2024		20,833
	$	465,000

The Company also entered into consulting agreements with two entities under common ownership to provide strategic advisory services to the Company. The Company incurred approximately $175,000 of consulting expenses during the period ending December 31, 2019 for these services. As of December 31, 2019, the Company had an outstanding accounts payable balance to these related parties of approximately $19,500.

Regional Developers and Franchises

An owner of one of the members of the Company has ownership of three regional developers and two franchises of the Company. As of December 31, 2019, the Company had an accounts receivable balance of approximately $16,000 with these regional developers and franchises. During the period ending December 31, 2019, approximate revenues and expenses incurred with these regional developers and franchises are as follows:

Revenues:		
Regional developer fees	$	16,000
Royalty fees	$	28,000
Technology fees	$	18,000
Advertising fund fees	$	4,000
Cost of Revenues:		
Regional developer royalties	$	13,000

NOTE 3 CONCENTRATIONS OF CREDIT RISK

Financial instruments that subject the Company to potential concentrations of credit risk consist principally of cash. The Company maintains its cash in bank accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 4 REVENUE RECOGNITION

Contract Balances

Contract liabilities consist of initial franchise fees and regional developer fees. These are reported as deferred franchise fees on the accompanying balance sheet. These fees are recognized as revenue over the term of the respective agreements. As these fees are generally received in cash at or near the beginning of the agreement, the cash received is initially recorded as a contract liability until recognized as revenue over time.

Changes in the Company's contract liabilities for deferred franchise fees and regional developer fees during the period ended December 31, 2019 are as follows:

Balance at February 22, 2019	$	-
Fair value of deferred fees acquired from SDSF		34,657
Fees received and deferred during 2019		214,500
Recognized as revenue during 2019		(23,481)
Balance at December 31, 2019	$	225,676

Estimated revenues expected to be recognized in the future related to deferred franchise fees and regional developer fees is as follows:

Year Ending December 31,		
2020	$	30,403
2021		23,529
2022		23,529
2023		23,529
2024		23,529
Thereafter		101,157
	$	225,676

NOTE 4 REVENUE RECOGNITION (Continued)

Contract Balances (Continued)

Contract assets consist of commissions paid in connection with the sale of regional developer agreements and franchise agreements. These are reported as deferred franchise costs on the accompanying balance sheet. These costs are recognized as expense when the respective revenue is recognized, which is over the term of the respective agreement. As these costs are generally paid in cash at the beginning of the respective agreement, the cash paid is initially recorded as a contract asset until recognized as expense over time.

Changes in the Company's contract assets for deferred franchise costs during the period ended December 31, 2019 are as follows:

Balance at February 22, 2019	$ -
Costs incurred and deferred during 2019	22,000
Recognized as cost of revenue during 2019	(1,650)
Balance at December 31, 2019	$ 20,350

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2019:

Furniture and equipment	$ 43,870
Software	4,925
Accumulated depreciation	(11,266)
	$ 37,529

Depreciation charged to operations for the period ended December 31, 2019 was $11,266.

NOTE 6 GOODWILL AND INTANGIBLE ASSETS

The gross carrying amounts of goodwill and intangible assets, and accumulated amortization for the period ended December 31, 2019 are as follows:

	Gross Balance	Accumulated Amortization	Net Balance
Goodwill	$ 797,865	$ (66,489)	$ 731,376
Intangible assets	1,665,000	(167,544)	1,497,456

Amortization expense related to goodwill and intangible assets for the period ending December 31, 2019 was $66,489 and $167,544, respectively.

Estimated amortization expense for the intangible assets at December 31, 2019 for each of the five succeeding years is as follows:

Year Ending December 31,	
2020	$ 194,670
2021	190,601
2022	190,601
2023	190,601
2024	190,601
Thereafter	540,382
	$ 1,497,456

NOTE 7 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its office space under a non-cancelable operating lease with escalating payments ranging from $14,886 to $15,448 per month through September 2021. Rent expense for the period ending December 31, 2019 was approximately $144,000. The Company also entered into an agreement effective April 1, 2019 with a related party to sublease a portion of the office space. The agreement requires monthly sublease payments from the related party of approximately $9,300 through April 1, 2020. Sublease rental income was approximately $87,000 and was recorded against rent expense.

NOTE 7 COMMITMENTS AND CONTINGENCIES (Continued)

Approximate future minimum lease payments required under the non-cancelable lease are as follows:

Year Ending December 31,		
2020	$	183,000
2021		147,000
	$	330,000

Guarantee

On June 14, 2019, two owners of a franchise entered into a redemption agreement. One of the franchise owners ("the seller") sold their ownership of the franchise to the other owner, who has an ownership interest in the majority member of the Company. At the time of the sale, the seller had extended loans to the franchise in the amount of $169,798. As part of the agreement, the Company guaranteed the repayment of these loans to the seller, in the event the franchise defaulted. The outstanding balance of these loans is $94,789 as of December 31, 2019.

The Company could potentially be obligated to pay up to $94,789 based on the redemption agreement. The Company has not experienced any losses in connection with this guarantee. This guarantee does not expire until the note is paid in full. There is currently no recorded liability for potential losses under this guarantee, nor is there any recorded liability for the Company's obligation to "stand ready" to fund the guarantee.

Management Service Agreements

In October 2019, the Company entered into six management service agreements with six regional developers. The agreements provide a two-year transition period in which the Company will temporarily operate the regions while they identify buyers to purchase the regions. The purchase price for the sale of the regions and 75% of any initial franchise fees collected within the region from the purchase of new franchises up to the original development fee paid for the regions, shall be paid to the regional developers. If the initial regional developer fees paid by the regional developers have not been fully recouped by the two-year anniversary of the agreements, then the Company is obligated to pay the difference between the amount collected and the initial regional developer fees.

The Company has not made any payments in connection with these agreements as of December 31, 2019 but could be obligated to pay up to $672,750 if they are unable to collect the fees through the sale of the regions or franchises by October 2021. There is currently no recorded liability for potential payments under these agreements as management fully believes they will be able to identify buyers to purchase the regions within the two-year transition period.

NOTE 8 MEMBERS' OPERATING AGREEMENT

The Company's operating agreement defines the rights and obligations of the members. Generally, income and losses are allocated to all members based upon their percentage interests. Distributions of distributable cash are allocated to the members of the Company in accordance with the terms of the operating agreement. Percentage interests of each member are adjusted upon the sale, transfer, assignment or withdrawal of a member's interest. The members are not required to make additional capital contributions to the Company beyond the initial commitment contributions. No manager, officer or member shall be personally liable for the debts, obligations or liabilities of the Company. The Company will continue in existence in perpetuity until a super majority of the members, as defined in the operating agreement, consent to the dissolution of the Company.

NOTE 9 LIQUIDITY

The Company has incurred operating losses and negative cash flows from operations. These factors create an uncertainty about the Company's financial stability. These factors can be attributed to startup costs and the Company undergoing a rebranding. The Company is still in its infancy and projects a significant amount of growth over the next couple years, including the sale of over 30 franchises and over 80 regional developer licenses by the end of 2021, which will substantially increase cash flow and revenue.

In addition, part of the Company's working capital is provided by contributions from a member of the Company. The member expects to recover these contributions from future revenue growth. The member has committed to the Company that additional financial support will continue for the foreseeable future as needed by the Company. Additional financial support will increase the member's equity ownership in the Company.

Management believes that as a result of the expected future cash flows, combined with the financial support commitment of the member, the Company has adequate resources to meet any obligations as they become due in the ordinary course of business for 2020 and beyond.

NOTE 10 NONCASH INVESTING TRANSACTIONS

Noncash investing transactions consisting of the contributed values of the SDSF assets and liabilities assumed in the acquisition referred to in Note 1, have been included in member's equity at a value of $2,500,000.

Exhibit G
State Specific Disclosures and Addenda to Franchise Agreement
SBA Addenda to Franchise Agreement

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF CALIFORNIA

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

See the cover page of the disclosure document for CLOVR Life Spa's URL address. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

2. **Item 1, Industry Specific Regulations.** The following statement is added to the "Industry Specific Regulations" section in Item 1.

As of January 1, 2015, new certified massage therapist applicants must have completed 500 hours of education at a California Massage Therapy Council ("CAMTC") approved school and pass a CAMTC approved exam.

3. **Item 2, Business Experience.** The following information is added to Item 2:

John Fechter. Mr. Fechter is a Member of our Board of Managers. Since December 2014, Mr. Fechter has also been the Founding Partner of G2 Investments in Scottsdale, Arizona. Between October 2012 and September 2015, Mr. Fechter was the CEO of OpenTee/GolfSwitch in Scottsdale, Arizona. Mr. Fechter is also a member of one of our California regional developers, a role he has had since June 2018.

Jessica Stackpoole. Jessica Stackpoole has been a member of one of our California regional developer entities since June 2018. Ms. Stackpoole is also a Certified EOS Implementer for Needle Movers in Phoenix, Arizona, a position she has held since November 2017. Between October 1999 and October 2017, Ms. Stackpoole was the Founder and CEO of EventPro Strategies Event Staffing in Scottsdale, Arizona.

Daniel O'Neil. Mr. O'Neil is one of our California regional developers, a position he has had since November 2017. Since June 2016, Mr. O'Neil has been the Vice President of Insurance Operations for Carasite in Denver, Colorado. Since April 2015, Mr. O'Neil has also been a regional developer for Honest-1 Auto Care in Denver, Colorado and Patrice and Associates Franchising, Inc. in Arizona, New Mexico, and south Texas.

4. **Item 3, Litigation.** The following statement is added to Item 3:

Neither Franchisor nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

5. **Item 5, Initial Fees.**

Payment of Initial Franchise Fees will be deferred until Franchisor has met all of its pre-opening obligations to Franchisor and Franchisee has commenced doing business under the Marks. This financial assurance requirement was imposed by the California Department of Business Oversight due to Franchisor's current financial condition.

6. **Item 6, Other Fees.** The highest interest rate allowed in California is ten percent (10%) per annum.

7. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the Franchised Business. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

You must sign a general release if you transfer or renew your franchise. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement requires that any action you bring be commenced in the jurisdiction where our principal business address is located, which currently is Arizona. This provision may not be enforceable under California law.

The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF ILLINOIS

1. Cover Page, Risk Factors. The following statement is added at the end of the first Risk Factor:

SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A FRANCHISE AGREEMENT WHICH DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION WHICH OTHERWISE IS ENFORCEABLE IN ILLINOIS.

2. The following statement is added at the end of the second Risk Factor:

Notwithstanding the foregoing, Illinois law shall govern the Franchise Agreements.

3. ITEM 5 of the Franchise Disclosure Document is amended to provide that payment of Initial Franchise Fees is deferred until after Franchisor’s pre-opening obligations are met and Franchisee’s CLOVR Life Spa is open and operating, as imposed by the Illinois Attorney General’s Office based on Franchisor’s financial condition.

4. Item 17, Additional Disclosures. The following statements are added to Item 17:

5. The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.

6. The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

7. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

8. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

9. Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND

Item 5, Initial Fees. The following statement is added to Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The general release required as a condition of renewal and sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The provision in the franchise agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Exhibit I, Compliance Questionnaire. The following sentence is added to the end of Exhibit I:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MINNESOTA

1. **Cover Page and Item 17, Choice of Forum and Law**. The following statement is added to the cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document, the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to the Additional Disclosures.

2. **Item 5, Initial Fees.** The following statement is added to Item 5:

Payment of Initial Franchise Fees is deferred until after Franchisor's pre-opening obligations are met and Franchisee's CLOVR Life Spa is open and operating, as imposed by the Minnesota Department of Commerce based on Franchisor's financial condition.

3. **Item 17, Termination**. The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

4. **Item 17, General Release**. The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to the Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

5. Minn. Stat. Sec. 80C.21 may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, as provided for in Minn. Rule 2860.4400J, nothing in the Franchise Disclosure Document or Franchise Agreement requires a franchisee to waive any of his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or, to consent to liquidated damages, termination penalties, or judgment notes; provided that the requirement to arbitrate, as set forth in Section 20 of the Franchise Agreement is enforceable. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Franchise Disclosure Document and Franchise Agreement are amended to state that we will comply with Minnesota Statute 80C.17 subdivisions 5, Limitation on Actions.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as provided above, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum,"** and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF VIRGINIA

1. The following paragraph is added to Item 5:

The Virginia State Corporation Commission Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the Franchisor has completed its pre-opening obligations under the franchise agreement.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with V's, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with CLOVR Life Spa, including the areas of termination and renewal of your franchise.

<u>The following language is added to Item 5 of the Franchise Disclosure Document for residents of the State of Washington or franchises to be located in the State of Washington:</u>

As a condition of registration in the State of Washington, payment of Initial Franchise Fees will be deferred until franchisor has met all of its pre-opening obligations to franchisee and franchisee has commenced doing business under the marks. This financial assurance requirement was imposed by the Washington Department of Financial Institutions due to franchisor's current financial condition.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, shall prevail.

A release or waiver of rights signed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when signed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Washington Franchise Investment Protection Act, such as a right to jury trial, many not be enforceable.

Transfer fees are collectible to the extent that they reflect CLOVR Life Spa's reasonable estimated or actual costs in effecting a transfer.

ADDENDUM TO FRANCHISE AGREEMENT
FOR CALIFORNIA FRANCHISES

1. The following sentence is added to the end of Section 7.A of the Franchise Agreement:

Payment of Initial Franchise Fees will be deferred until Franchisor has met all of its pre-opening obligations to Franchisor and Franchisee has commenced doing business under the Marks. This financial assurance requirement was imposed by the California Department of Business Oversight due to Franchisor's current financial condition.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

SPA ACQUISITIONS, LLC	**FRANCHISEE**:_____________________________
Signature: ___________________________________	Signature: ___________________________________
By: ____	By: ____
Its: ____	Its: ____
Date:_____________________________________	Date:_____________________________________

ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

Illinois law governs the Franchise Agreement(s)

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 & 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

SPA ACQUISITIONS, LLC	**FRANCHISEE**
______________________________	______________________________
By: ___________________________	**By:** ___________________________
Its: ___________________________	**Its:** ___________________________
Date: _________________________	**Date:** _________________________

ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to you was made in the State of Maryland; (B) you are a resident of the State of Maryland; (C) part or all of the Protected Area is located in the State of Maryland; and/or (D) the Franchised Business will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 7.A of the Franchise Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

3. The following sentences are added to the end of Sections 15 and 16:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The general release required as a condition of renewal and sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 27.C:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Section 27.G:

This limitation of claims provision shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

6. The following sentence is added to the end of Section 30:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

SPA ACQUISITIONS, LLC

____

By: ______________________________

Its: ______________________________

Date: ______________________________

FRANCHISEE

____

By: ______________________________

Its: ______________________________

Date: ______________________________

ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to Franchise Agreement dated ___________________________ ("Franchise Agreement") between Spa Acquisitions, LLC ("CLOVR Life Spa") and _______________________________ ("You") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to you was made in the State of Minnesota; (B) you are a resident of the State of Minnesota; and/or (C) the Franchised Business will be located or operated in the State of Minnesota.

2. The following sentence is added to Section 6.A of the Franchise Agreement:

Payment of Initial Franchise Fees is deferred until after Franchisor's pre-opening obligations are met and Franchisee's CLOVR Life Spa is open and operating, as imposed by the Minnesota Department of Commerce based on Franchisor's financial condition.

3. The following sentence is added to the end of Section 17:

Notwithstanding the foregoing, you will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

4. The following sentence is added to the end of Section 4.B.:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 180 days' notice for non-renewal of the Franchise Agreement.

5. The following sentence is added to the end of Section 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of this Agreement and the System.

6. The following sentence is added to the end of Section 19:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute §80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement.

7. 7The following sentences are added to the end of Sections 27.B.-C.:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

8. The second sentence of Section 27.D. is deleted and replaced with the following sentence:

You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits.

9. The second sentence of Section 27.H is deleted and replaced with the following sentence:

Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we are entitled to seek injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance. A court will determine if a bond or security must be posted.

10. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

11. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

SPA ACQUISITIONS, LLC	**FRANCHISEE**
______________________________	______________________________
By: ______________________________	**By:** ______________________________
Its: ______________________________	**Its:** ______________________________
Date: ______________________________	**Date:** ______________________________

ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement, Agreement to be Bound and Guarantee, Confidentiality Agreement, and General Release agreement in your relationship with the franchisor including, jurisdiction and venue of any dispute between you and us, as well as the termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. The following sentence is added to the end of Section 4 of the Franchise Agreement:

> As a condition of registration in the State of Washington, payment of Initial Franchise Fees will be deferred until franchisor has met all of its pre-opening obligations to franchisee and franchisee has commenced doing business under the Marks. This financial assurance requirement was imposed by the Washington Department of Financial Institutions due to franchisor's current financial condition.

6. Section 15 of the Agreement to be Bound and Guarantee is amended to reflect that the choice of law is subject to Washington's Franchise Investment Protection Act and that Washington is a permissible jurisdiction for disputes arising between Washington franchisees and Franchisor.

7. Section 6.A and 6.B of the Confidentiality Agreement is amended to reflect that the choice of law is subject to Washington's Franchise Investment Protection Act and that Washington is a permissible jurisdiction for disputes arising between Washington franchisees and Franchisor.

8. Section 7 of the General Release is amended to reflect that the choice of law is subject to Washington's Franchise Investment Protection Act and that Washington is a permissible jurisdiction for disputes arising between Washington franchisees and Franchisor.

9. Transfer fees are collectable to the extent that they reflect the Franchisor’s reasonable estimated or actual costs in effecting a transfer. The undersigned does hereby acknowledge receipt of this addendum.

10. Under Washington law, non-compete covenants are enforceable only if they are reasonable and lawful. A court of law will determine whether the non-compete covenants in the franchise agreement are enforceable under Washington law.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

SPA ACQUISITIONS, LLC	**FRANCHISEE**
______________________________	______________________________
By: ___________________________	**By:** ___________________________
Its: ___________________________	**Its:** ___________________________
Date: _________________________	**Date:** _________________________

ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED FOR VIRGINIA FRANCHISEES

The following sentence is added to the end of Section 7.A of the Franchise Agreement:

The Virginia State Corporation Commission Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the Franchisor has completed its pre-opening obligations under the franchise agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

SPA ACQUISITIONS, LLC	**FRANCHISEE**
______________________________	______________________________
By: ___________________________	**By:** ___________________________
Its: ___________________________	**Its:** ___________________________
Date: __________________________	**Date:** __________________________

Exhibit H
Franchisee Lists

LIST OF FRANCHISED CLOVR Life Spas AS OF DECEMBER 31, 2019

ARIZONA SPA PARTNERS, LLC
John Fechter, Rob Harris & Stacey Iredell
The Shops at Gainey Village
8877 North Scottsdale Road, Suite 404
Scottsdale, Arizona 85253
480-948-7474

ZERNICH CORDER SPA, LLC
Brian Zernich & Tanya Corder
5720 South Ashley Drive
Chandler, AZ 85249

GREEN STREET SPEEDWAGON, LLC
Todd Corbo & Robin Hicks
11530 Armstrong Court
Inver Grove Heights, MN 55077

LIST OF FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT NOT OPENED A CLOVR LIFE SPA AS OF DECEMBER 31, 2019

ARIZONA SPA PARTNERS III, LLC
John Fechter, Rob Harris, Stacey Iredell
8877 North Scottsdale Road, Suite 404
Scottsdale, Arizona 85253
480-948-7474

DAY SPA ATL, LLC
Gary Schubert, Tamara Schubert,
Richard Fleming & Donna Fleming
6619 Cresmont Glen Lane
Windemere, Florida 34786

LIST OF FRANCHISEES WHO CEASED OPERATIONS DURING 2019

MYVA HOLDINGS, LLC
Karen Medford & Richard Medford
The Green @ Lakewood Ranch
11585 East State Road 70
Bradenton, Florida 34202

KWES SUCCESS, INC.
6335 Ryeworth Drive
Frisco, Texas 75034

Karen Medford & Richard Medford
9507 Royal Calcutta Place
Lakewood Ranch, Florida 34202

B-FIRM, LLC
Gary Schubert, Tamara Schubert,
Skiler Ramsey & Katie Ramsey
6619 Cresment Glen Lane
Windemere, Florida 34786

COMPLIANCE QUESTIONNAIRE

As you know, SPA ACQUISITIONS, LLC ("CLOVR Life Spa") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a franchised CLOVR Life Spa. The purpose of this Compliance Questionnaire is to determine whether any statements or promises were made to you that CLOVR Life Spa has not authorized and that may be untrue, inaccurate or misleading. Please review each question and statement carefully and provide honest and complete responses to each question and statement.

Question	Yes	No
1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
2. Have you received and personally reviewed the Disclosure Document we provided?		
3. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
4. Do you understand all of the information contained in the Disclosure Document and all of the terms of the Franchise Agreement?		
5. Have you reviewed the Disclosure Document and the Franchise Agreement with a lawyer, accountant or other professional advisor?		
6. Have you discussed the benefits and risks of developing and operating a CLOVR Life Spa Franchise Business with existing CLOVR Life Spa franchisees?		
7. Do you understand the risks of developing and operating a CLOVR Life Spa Franchise Business?		
8. Do you understand that the success or failure of your CLOVR Life Spa will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
9. Do you understand that, subject to applicable state law, any applicable mediation, arbitration or litigation must take place in Arizona?		
10. Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the costs involved in operating a CLOVR Life Spa, or otherwise, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
11. Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn or the total amount of revenue a CLOVR Life Spa will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
12. Do you understand that the Franchise Agreement and the exhibits to the Franchise Agreement and the Disclosure Document contain the entire agreement between us and you concerning your purchase of a CLOVR Life Spa and that any oral or written statements, if any, not contained in the Franchise Agreement or Disclosure Document will not be binding?		

EXPLANATION OF ANY NEGATIVE RESPONSES. PLEASE PROVIDE ADDITIONAL PAGES IF NECESSARY [REFER TO QUESTION NUMBER]:

____

____

____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION AND STATEMENT CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS AND STATEMENTS.

FRANCHISE APPLICANT

____
Signed

____
Printed Name

___________________________________, 20______
Date

Exhibit J
Table of Contents of Confidential Manual

CLOVR LIFE SPA

CLOVR Spa Franchise Operations Manual Table of Contents

CLOVR LIFE SPA

CLOVR LIFE SPA

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Florida	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Kentucky	6/6/2019
Maryland	Pending
Michigan	Pending
Minnesota	Pending
Nebraska	6/6/2019
New York	Pending
Rhode Island	Pending
Texas	6/10/2019
Utah	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit K

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 SPA ACQUISITIONS, 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 payment to, SPA ACQUISITIONS, LLC or its affiliates in connection with the proposed sale or sooner if required by applicable state law.

New York and Rhode Island require that SPA ACQUISITIONS, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Washington require that SPA ACQUISITIONS, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If SPA ACQUISITIONS, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit A.

The franchisor is SPA ACQUISITIONS, LLC, 100 E Camelback Rd Suite 144, Phoenix, AZ 85012. Its telephone number is (888) 778-6747.

Issuance Date: **April 16, 2020**

The franchise sellers for this offering are SPA ACQUISITIONS, LLC and Danny Falero, 100 E Camelback Rd Suite 144, Phoenix, AZ 85012 and __________________________________.

SPA ACQUISITIONS, LLC authorizes the respective state agencies listed in Exhibit B to receive service of process for it in the particular state.

I received a disclosure document dated **April 16, 2020** that included the following exhibits:

A. List of State Administrators
B. List of Agents for Service of Process
C. Franchise Agreement
D. Confidentiality Agreement
E. General Release
F. Financial Statements
G. Addenda Required by Certain States
H. Franchisee List
I. Compliance Questionnaire
J. Table of Contents- Manual
K. Receipts (2 Copies)

Date of Receipt:______________________________

Signature	Print Name
Company Name	Street Address
Telephone Number	City, State Zip Code

Exhibit K

RECEIPT

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I. Compliance Questionnaire
J. Table of Contents- Manual
K. Receipts (2 Copies)

Date of Receipt:____________________________

Signature	Print Name
Company Name	Street Address
Telephone Number	City, State Zip Code