

FRANCHISE DISCLOSURE DOCUMENT



FACE TO FACE FRANCHISING, LLC
(A Texas Limited Liability Company)
3801 N. Capitol of TX Hwy, Suite F-110
Austin, Texas 78746
(800) 797-1345
Franchising@FaceToFaceSpa.com
FaceToFaceFranchising.com
FaceToFaceSpa.com
facebook.com/facetofacespas/
facebook.com/facetofacespafranchising
facebook.com/facetofacespa
linkedin.com/company/face-to-face-spa
instagram.com/facetoface_spa
youtube.com/@facetofacespa
tiktok.com/@facetofacespa

The franchise described is known as “Face to Face”. Face to Face is an upscale spa focusing on facials and chemical exfoliation peels to promote skin care and health.

The initial investment necessary to begin operation of a Single Unit Face to Face Spa ranges from \$314,900 to \$785,200. This includes \$39,000 that must be paid to the Franchisor or its Affiliate(s). If you sign an Area Development Agreement for the right to develop multiple spa locations, you will pay a development fee equal to \$39,000 for the first location to be developed plus \$19,500 for each additional spa.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Jenny Abraham, c/o Face To Face Franchising, LLC at 3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746, (800) 797-1345, Franchising@FaceToFaceSpa.com.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 at 1-877-FTC-HELP or by 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 be laws on franchising in your state. Ask your state agencies about them.

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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 B.
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 A 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 Face to Face 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 Face to Face franchisee?	Item 20 or Exhibit B 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 F.

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

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1 - THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, the words “we,” “our” and “us”, and “Face to Face” refer to Face to Face Franchising, LLC, the franchisor of this business. “You” and “your” refer to the person who buys the franchise, whether you are an individual, a Corporation, Limited Liability Company or other business entity. If You are a Corporation, Limited Liability Company or other business entity, certain provisions of this Disclosure Document also apply to your owners and will be noted. Our agent for service of process is disclosed at the end of this Disclosure Document in Exhibit F.

The Franchisor

We were organized as a Limited Liability Company in Texas on May 12, 2014. We have no parents or predecessors. Our principal business address is 3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746. We do business under our company name and the names “Face to Face”, “Face to Face Spa” and “Face to Face Franchising.” We have offered franchises since June 15, 2014. Our agents for service of process are in Exhibit F attached to this Disclosure Document.

We have never operated a Face to Face Spa, however, our affiliate, Face to Face Spa, LLC (“Affiliate”), has. We are not engaged in any other line of business, nor have we ever offered franchises in another line of business.

Our Affiliates

Our Affiliate currently operates a Face to Face Spa location in and around the Austin, Texas area. Our Affiliate supplies some services to our franchisees, which is described in greater detail in Items 6 and 8 of this Disclosure Document. Our Affiliate does not offer nor has it previously offered a franchise in this or any other line of business. The name and principal business address of our Affiliate is: Face to Face Spa, LLC, 3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746.

Our Affiliate, Face to Face Spa, LLC is also the owner of the trademarks associated with the Face to Face name. Face to Face Spa, LLC has licensed exclusively to Face to Face Franchising, LLC all the trademarks and proprietary property for a period of 99 years. More information about the Marks can be found within the Disclosure Document under Item 13.

Our additional affiliate, Skin Brilliance, LLC, is a Texas limited liability company organized on August 17, 2021 (“Skin Brilliance”). Skin Brilliance shares our principal business address, and began offering franchises in February 2025 which offer facials and other skin care and aesthetic services in studio-style locations such as salon suites under the “Skin Brilliance” trademark and system.

General Description of the Franchise

We grant franchises to qualified persons or business entities in connection with the service marks “Face to Face Spa” and other related logos (collectively referred to as the “Marks”). We refer to these businesses as “Face to Face Spas.” We refer to the Face to Face Spa or that You will operate as the “Franchised Business” or generally the “Face to Face Spa”. In addition to granting franchises for individual Face to Face Spas, we also allow certain franchisees who fit our criteria to become Area Developers. Area Developers open and operate a predetermined number of additional Face to Face Spas in a specified Development Territory. You must operate the Franchised Business in accordance with our standards, methods, procedures and specifications, which we refer to as our “System” and which are more particularly described in our Franchise Agreement.

We grant franchises for upscale spas that operate under the name “Face to Face Spa” and offer facials and chemical exfoliation peels and other related goods and services to promote skin care and health (“Face to Face Spas”).

Market and Competition

The facial spa industry is highly competitive in most markets and is fully developed. Your Face to Face Spa will compete with other business offering professional facials and chemical peels such as massage therapy spas, day spas, health clubs and independent practitioners. This may include single unit independent spas or large national chains, as well as resort spas, dermatologist offices, cosmetic physician offices, and esthetic specialty salons.

Regulations

General

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your Face to Face Spa such as, state licensing and certification requirements may apply to persons who perform services for you at your Face to Face Spa. Many states also require estheticians to be licensed and you must ensure that your Face to Face Spa and the estheticians, nurses, and physicians who work in your Face to Face Spa comply with these requirements. You must ensure that only licensed estheticians, nurses, and physicians perform any services for which a corresponding license or specialized training is required. It is also your responsibility to thoroughly investigate the applicable business, zoning and licensing rules and regulations in your state and municipality before opening your Face to Face Spa.

You must also comply with laws that apply generally to all businesses. There may be other federal, state and/or local laws or regulations pertaining to your Face to Face Spa with which you must comply, such as the Americans with Disabilities Act, Federal wage and hour laws and the Occupational Safety and Health Act. You may wish to investigate these laws before purchasing your Face to Face Spa.

Corporate Practice of Medicine

There may also be laws and regulations that apply to your Face to Face Spa location concerning the corporate practice of medicine, which generally prohibit unlicensed individuals and entities from providing certain services categorized as “medical procedures.” What constitutes a “medical procedure,” or such other comparable defined category, differs from jurisdiction to jurisdiction but may include certain services provided by your Face to Face Spa location such as chemical peels, micro-needling, dermaplaning, and botox injections. It is your responsibility to conduct the research necessary to ensure that the services provided by your proposed Face to Face Spa location either fall outside of the scope of a “medical procedure,” may be provided under the services of a medical director, and/or can otherwise be lawfully provided by you in the area in which you propose to locate your Face to Face Spa business. As we currently require that you engage the services of a medical director, there may be additional laws and regulations governing your relationship with your medical director you must be aware of, including, without limitation, corporate registration requirements, supervision requirements, and fee splitting prohibitions. The services provided by Face to Face Spa locations also require staffing of a physicians’ assistant or nurse practitioner and a phlebotomist, and, as such, there may be additional laws, regulations, and licensing requirements governing such staff persons employment.

Stark Law

The federal physician self-referral prohibition (42 U.S.C. § 1395nn, “Stark”) generally prohibits a physician from making referrals for Designated Health Services (“DHS”) (as defined by Stark and includes inpatient services) payable by Medicare or Medicaid, in whole or in part and whether as a primary or secondary payer, to an entity with whom the referring physician (or an immediate family member) has a financial relationship. Recognizing the existence of several common, legitimate financial arrangements,

Stark, however, created exceptions to this general prohibition allowing a financial arrangement between a physician (or immediate family member) and entity furnishing DHS if the arrangement meets all of the requirements of a specific exception. Failure to meet one element of an exception will cause the arrangement to violate Stark (unless another exception applies).

A “physician” includes a Doctor of Medicine or Doctor of Osteopathic Medicine, a Doctor of Dental Surgery or Doctor of Dental Medicine, a Doctor of Podiatric Medicine, a Doctor of Optometry, or a Doctor of Chiropractic, but does not include physician assistants, nurse practitioners, or other mid-level licensed non-physician providers. A “referral” includes a request by a physician for an item or service for which payment may be made under Medicare or Medicaid, a request for a consultation with another physician, the performance or ordering of any test or procedure by that consulting physician, the request or establishment of a plan of care by a physician that includes a DHS, and the certifying or recertifying of the need for any DHS for which payment may be made under Medicare or Medicaid. A “financial relationship” under Stark includes any direct or indirect “ownership or investment interest” in an entity or direct or indirect “compensation arrangement” with an entity. At this time, Spas will not accept any patients paid by Medicare, Medicaid, TRICARE or other federally funded government programs. Accordingly, Stark would not be implicated with respect to any physician (or immediate family member) becoming an owner of a Spa. States often incorporate Stark framework into their own rules which are payor indifferent (as discussed below). Accordingly, it is important to review and be familiar with Stark’s impact on your Face to Face Spa.

Federal Anti-Kickback Statute

The Federal Anti-Kickback Statute (42 U.S.C. §1320a-7b) as written applies only those medical practices that provide care to patients that are federal program patients under Medicare, Medicaid, and TRICARE. Although the Federal Anti-Kickback Statute is not directly applicable, on its own, to your Face to Face Spa franchise, *i.e.*, since, under no circumstance, may the Spa or any Spa operated in connection with your Spa Location Franchise provide services or products that are reimbursed by or paid for by a third party payer such as a health insurance company or the United States government, states often incorporate the Federal Anti-Kickback framework into their own rules which are payor indifferent (as discussed below), *i.e.* they may apply to your Spa Location Franchise and the Spa operated in connection with your Spa Location Franchise even though the services and products offered and provided by your Spa and/or Spa Location Franchise are not reimbursed or paid for by a third party payer. Accordingly, it is important to review and be familiar with the Federal Anti-Kickback Statute’s impact on your Face to Face Spa business and the rules within your state.

The Federal Anti-Kickback Statute prohibits any person from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind, to any person, in return for or to induce such person to do either of the following: (1) refer an individual to a person for the furnishing or arranging for the furnishing of an item or service for which payment may be made in whole or in part under Medicare, Medicaid, TRICARE or other federal health care programs (as defined by 42 U.S.C. § 1320a-7b(f)); or (2) purchase, lease, order or arrange for or recommend the purchasing, leasing or ordering of any good, facility, service or item for which payment may be made in whole or in part under any Medicare, Medicaid, TRICARE or other federal health care programs (as defined by 42 U.S.C. § 1320a-7b(f)). The Federal Anti-Kickback Statute has been broadly interpreted to cover any arrangement where one purpose of the remuneration was to obtain money for the referral of services or to induce further referrals. Furthermore, remuneration is more than just payment of funds and has been interpreted to include anything of value.

The Office of Inspector General (“OIG”) enacted “safe harbors” to protect those transactions it deemed not likely to result in abuse of the Medicare program. Transactions that satisfy every element of a particular safe harbor are not considered violations and would not be grounds for prosecution. However, failure of a financial arrangement to meet every element of a safe harbor does not make the financial

arrangement illegal, per se, but instead heightens the potential that the arrangement may be scrutinized by the OIG. Accordingly, when an arrangement does not fit squarely within a safe harbor, the arrangement should be structured to meet as many of the elements of the safe harbor as possible and the parties to the arrangement should incorporate safeguards, where possible, to limit the likelihood of the arrangement improperly influencing referrals. One of the most important safeguards is to ensure the compensation paid to all providers at the Face to Face Spa business (regardless of whether it is an actual Spa or the management company operating Spas) under the arrangement is consistent with fair market value. As an example, you cannot compensate a provider extra based on provision of patients to the Face to Face Spa business.

Another important aspect of compliance with the Federal Anti-Kickback Statute is that all arrangements and policies implemented must be compliant in both form and substance. In other words, the sample Management Agreement that will be provided to the Spa Management Business managing independently owned Spas will be written in a way that strives to be compliant with as many aspects of certain safe harbors as possible. However, if the actual day to day operations of the Face to Face Spa business do not follow the procedures outlined in the Management Agreement, there will not be protection from scrutiny.

Federal Travel Act

Federal prosecutors have recently used the Travel Act to transform violations of state bribery laws into violations of federal law. The Travel Act generally provides that it is a federal felony to engage in interstate commerce with the intent to promote or carry on any unlawful activity – which includes violation of a state bribery law. State bribery statutes include not only those prohibiting commercial bribery, but also those addressing illegal remuneration regarding improper payments in connection with referral for services. No assurances can be given that federal prosecutors would not use the Travel Act in connection with the model.

State Anti-Kickback

As mentioned above, states often develop their own anti-kickback provisions that are payor indifferent and therefore not restricted to only services provided to federal program patients. Additionally, states incorporate the same safe harbors and protections as the Federal Anti-Kickback Statute, so arrangements protected under the federal level will also be protected at the state level. It is important to have a healthcare attorney evaluate the state's anti-kickback regulations applicable to your Face to Face Spa business.

Health Insurance Portability and Accountability Act ("HIPAA")

HIPAA laws, rules and regulations impose strict requirements as to safeguarding and maintaining the privacy of personal information and data collected and stored in medical records. You must assume that the operations of a Spa, and the offer, sale, and performance of the Spa services are subject to HIPAA's stringent privacy requirements. You must consult with your own attorney to ensure that you have all necessary agreements and process that comply with HIPAA and other applicable laws, rules and regulations. You must consult with your own lawyer to determine the activities of your Face to Face Spa business may or may not engage in and the safeguards and measures that your Face to Face Spa business and the underlying Spa must engage in to comply with HIPAA requirements.

Advertising and Promotion

There are extensive federal, state and local laws, rules and regulations that regulate the type of marketing that you may or may not make as to the products and services offered by a Face to Face Spa business, the results that a Spa customer may or may not achieve, and whether or not the products and services offered and sold at the Spa are authorized, cleared and/or approved by any government agency or authority, and the authorized care provider that may or may not be administering, supervising and/or performing the services provided at the Spa. You must consult with your own lawyer to ensure that the

marketing and promotion of your Face to Face Spa business complies with all applicable laws, rules and regulations.

State Laws and Regulations

Disclosure Law

Many states require that physicians make a proper disclosure to their patients regarding their affiliation with a person or entity if they will receive, directly or indirectly, remuneration for securing or soliciting the patient. These regulations are typically payor indifferent. It is important to have a healthcare attorney evaluate the state disclosure regulations applicable to the state in which your Face to Face Spa business will be operating.

Commercial Bribery Statute

Many states have a payor indifferent commercial bribery statute. Typically, a person commits an offense if he or she intentionally or knowingly solicits, accepts, or agrees to accept any benefit from another person on agreement or understanding that the benefit will influence the conduct of the fiduciary in relation to the affairs of his beneficiary. A “fiduciary” may include a physician, nurse practitioner, physician assistant, or other medical provider. It is important to have a healthcare attorney evaluate the state’s commercial bribery statute applicable to the state in which your Face to Face Spa business will be operating.

Corporate Practice of Medicine

State laws and regulations will vary greatly from state to state so it is critical that each Face to Face Spa Franchise owner evaluate the specific laws and regulations applicable to the geographic area it is operating in. In conducting this evaluation, there are three foundation areas that should be focused on and understood: (1) ownership, (2) diagnosis and treatment, and (3) delegation and supervision. These regulations apply both to a standard Face to Face Spa business and a Face to Face Spa business being operated under a management services agreement.

(1) Ownership – Many states have a single law or collection of laws providing restrictions on ownership and control of medical practices by lay persons or corporations commonly referred to as the corporate practice of medicine doctrine (“CPOM”). The idea behind CPOM is to prevent financial and business interests from interfering with independent medical judgement. A state’s CPOM doctrine can include a wide range of restrictions such as prohibiting a lay person or corporation from employing a physician to practice medicine and collecting the professional fees, restricting the ownership percentage of a practice that can be owned by a physician or non-physician provider such as a nurse practitioner or lay person, and restricting who can serve in management positions of a practice. These ownership and control restrictions within the state your Face to Face Spa business is located can serve as a determining factor in choosing to own and operate a Face to Face Spa business and the structure of the same, such as whether a management services agreement is necessary. Additionally, the CPOM restrictions can affect the way flow of funds need to occur within your franchise structure, especially if operating under a management services agreement, as funds need to follow a specific route from professionals to lay persons. These flow of funds concerns can be addressed in the management services agreement, as applicable. Under no circumstance shall a lay person (including you as an owner if unlicensed) administer, control, influence, or direct the supervision, administration, delivery, or performance of medical or other services requiring an Authorized Care Provider.

(2) Diagnosis and Treatment – A variety of Authorized Care Providers can be employed by the Face to Face Spa business, or the Spa practice entity being managed, such as physicians, nurse practitioners, physician assistants, registered nurses, and/or estheticians. However, state regulations and oversight boards determine how much power and ability each license grants the holder regarding certain procedures. It is critical that state law be determined for which Authorized

Care Provider can conduct a primary patient evaluation and diagnosis, develop the treatment plan, as well as who can perform the procedure. Generally, only a physician, nurse practitioner (subject to proper supervision), or physician assistant (subject to proper supervision) may conduct the initial evaluation and diagnosis. Varying power and practice scopes are granted to non-physician providers, like nurse practitioners, depending on the state the license is issued and services performed. State laws, medical boards, nursing boards, board of cosmetology and other regulatory agencies will need to be analyzed to determine what procedures and policies need to be implemented through the creation of standard operating procedures for the Face to Face Spa business. The concept of form and substance will be vital to compliance as the operations of the Spa Location Franchise need to follow and adhere to the standard operating procedures as written. (3) Delegation and Supervision – Following the primary consultation of a patient, analysis will need to be conducted regarding which Authorized Care Providers and can be delegated procedures and administer the treatment plan. States will vary on regulations such as medical director qualifications, NP and PA ability to practice independently, nurse and esthetician supervision and medical records review. Further distinctions will need to be made between medical and non-medical treatments. Based on the applicable delegation needed and requirements of the jurisdiction, delegation and supervision agreements may need to be prepared and entered into between the physician and non-physician providers, or other supervisor roles as outlined by the state. These agreements often are required in instances where prescriptive authority is transferred from one party to another, which can be integral to the operation of the Spa.

You will be required to provide copies of all inspection reports, warnings, certificates and ratings, issued by any governmental entity during the Term of the franchise agreement for your Face to Face Franchise that indicate your non-compliance with any applicable law, rule or regulation, to use within 2 days of your receipt of these items.

YOU ARE ADVISED TO CONSULT COUNSEL ABOUT ANY POTENTIAL IMPACT OF THESE LAWS AND REGULATIONS. You should consider these and other applicable laws and regulations when evaluating your purchase of a franchise. Under the Franchise Agreement, you are solely responsible for understanding and complying with the particular laws of your state as they pertain to physician practices and general businesses. Before signing a Franchise Agreement, you are strongly advised to consult with a lawyer to review the services and products that will be offered and sold by your Face to Face Spa business and to determine the licensing requirements, construction requirements, medical office layout restrictions, or any other regulation that may or may not be imposed on you, your Spa Location Franchise, the individuals hired by your Face to Face Spa business and whether or not you may legally operate a Face to Face Spa franchise.

ITEM 2 - BUSINESS EXPERIENCE

Chief Executive Officer: Jenny Abraham

Ms. Jenny Abraham has served as our CEO since our inception in May 2014. Concurrently, Ms. Abraham also serves as the owner/operator of our Affiliate and has done so since its inception in January 2011. Since April 2023, Ms. Abraham has served as the owner and Management Consultant for Rocketship Management, LLC in Austin, Texas which offers consulting services to weight loss and wellness clinics. Additionally, Ms. Abraham is a registered nurse.

Ms. Abraham is also currently working towards her Masters in Nursing program at Walden University where, after, she intends to complete her licensure as an Advanced Practice Registered Nurse. Ms. Abraham has received several certifications in facial aesthetics from Allergan Medical Institute in Botox and Juvéderm filler injections.

Business Support Manager: Brittany McIntyre

Ms. Brittany McIntyre has served as our Business Support Manager since April 2022, assisting System franchisees in business management training and support. Concurrently, Ms. McIntyre serves as the Operations Manager for our Affiliate and has done so since January 2021. Prior to that, from June 2014 until October 2020, Ms. McIntyre served as the General Manager for K&M Steam Cleaning in Austin, Texas.

ITEM 3 - LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 - BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 - INITIAL FEES

Earnest Money Payment

Before you sign a franchise agreement or area development agreement, if you elect to sign our Letter of Intent, which form is attached to this Disclosure Document as Exhibit G, we will collect an earnest money payment from you in the amount of \$6,000 per location to be developed. \$6,000 of the total earnest money amount will be non-refundable and is in exchange for our related costs and expenses. If you execute the contemplated franchise agreement or development agreement on or before the Anticipated Execution Date, we will credit all of the earnest money payment to the initial fee due thereunder. If you elect not to move forward with the purchase of a franchise, we will refund all, less \$6,000, of the earnest money to you within 30 days of our receipt of your written election not to move forward. The earnest money payment is uniform for all franchisees and is partially non-refundable upon payment.

Initial Franchise Fee

You must pay to us an Initial Franchise Fee of \$39,000 in a lump sum when you sign the Franchise Agreement. This Franchise Fee is uniform for all franchisees, is fully earned by us when you sign the Franchise Agreement, and is not refundable.

Development Fee

If you have chosen to enter into, and have been approved for, the development of multiple FACE TO FACE SPA Franchised Businesses, you must sign the Area Development Agreement simultaneously with the Franchise Agreement for your first Franchised Business. When signing an Area Development Agreement, you will pay a development fee equal to 100% of the Initial Franchise Fee due under your first Franchise Agreement plus 50% of the Initial Franchise Fee due for each additional Franchised Business to be developed. You must pay this Development Fee to us in a lump sum when you sign the Area Development Agreement. The Area Development Fee is fully earned by us when you sign the Area Development Agreement and is not refundable under any circumstances.

\$39,000 of the Development Fee will be credited toward the full amount of the Franchise Fee due under your first Franchise Agreement, which will be entered into simultaneously with the Area Development Agreement. Afterwards, \$19,500 will be applied to the Franchise Fee for each subsequent Franchised Business developed pursuant to the Development Agreement.

ITEM 6 - OTHER FEES

Name of Fee¹	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenue	Weekly, ACH Auto Deposited	See definition of Gross Revenue. ²
Marketing Fee	2% of Gross Revenue	Weekly, ACH Auto Deposited	See Item 11 for information regarding the Marketing Fee.
Local Advertising Expenditure	\$1,500 per month	Monthly	You pay directly for local advertising. Receipts for proving payment of local advertising are due by the 10th of the following month. We do not require local advertising expenditures be used in cooperative advertising, however if we do form an advertising cooperative that includes your Spa, your contributions to the cooperative can be offset from your local advertising expenditure requirement. If you fail to make the minimum required local advertising expenditure, and fail to provide proof of such expenditure, we may, at our option, electronically draw this expenditure amount each month from your designated business account and spend the amount on your behalf. In the event we exercise this right, you will pay to us our Local Advertising Administration Fee, currently \$250 per month. \$1,200 of your Local Advertising Expenditure amount can be directed by us. Currently, we require that you spend this monthly amount with our designated SEO service provider.
Technology Fees	Amount varies (see Remarks), currently minimum of \$802.40/mo.	Monthly	Currently, we pay certain technology providers on your behalf for the use of certain services. As of the issuance of this Disclosure Document, you must pay us \$28.76 per month per license for your Office 365 licenses (a minimum of two licenses are required); \$40 per month for online Face to Face Spa learning management software; \$704.88 per month for the designated Point of Sale System. These providers may increase or decrease their costs and we have no control over such third party costs imposed. We reserve the right to

Name of Fee ¹	Amount	Due Date	Remarks
			collect and remit payment to any such technology vendors (including ourselves or our affiliates for any proprietary technology developed) and we may impose an administrative fee of up to 10% of the amount paid on your behalf as an administrative fee to compensate us for the collection and payment services provided.
QuickBooks Online	Approximately \$65 per month	Monthly	This is payable directly to Intuit, the third-party service provider for our designated accounting software.
Audit Expenses	All costs and expenses associated with audit	Upon demand	Audit costs payable only if the audit shows an understatement in amounts due of 2% or more.
Late Fee	\$100 per week	Upon demand	A late fee may be applied to all overdue Royalty Fees, Marketing Fees and other amounts due to us. Also applies to any understatement in amounts due revealed by an audit.
Administrative Fee	\$250 per occurrence	Upon demand	An Administrative Fee may be applied if you fail to submit required reports, such as monthly financial statements and local advertising expenditure reports. An “occurrence” is each period you are late, therefore, if the report for which you are late is due monthly, each additional month you are late will accrue an additional Administrative Fee.
Insufficient Funds Fee	\$100 per occurrence	Upon demand	Applies to all returned payments made by You that do not clear Your bank for any reason whatsoever.
Insurance ³	Actual cost of premiums, plus our costs and expenses.	As incurred	If you fail to obtain and maintain the insurance we require and we elect to do so on your behalf, you must reimburse us.
Transfer Fee	A fee equal to 50% of the then- current franchise fee.	Time of transfer	Does not apply to a transfer under Section 18.3 of the Franchise Agreement.
Other Audit Fees and Amounts ⁵	All costs and expenses associated with audit	Upon demand	You will be required to pay for any other third party audits, including any governmental type audits.
Additional Training ⁴	Rates as published in the Manual; currently, \$400 per day, plus expenses.	Time of service	We provide initial training for You and up to 2 additional people. You pay for additional training for additional trainees, a substitute Designated Owner and, at Our option, for a new

Name of Fee ¹	Amount	Due Date	Remarks
			Designated Owner at Our facility.
Additional Operations Assistance ⁴	Rates as published in the Manual; currently, \$400 per day plus our expenses	Time of assistance	You pay for additional assistance if You request it or if We provide assistance to Your clients.
Ongoing Training Programs ⁵	You are required to pay Your expenses as well as Your employees' expenses for attending	Time of program	Ongoing training will be provided via the FacetoFaceSpa learning management software and all applicable team members are required to stay up to date within 30 days of new material presentations.
Temporary Management Assistance	Rates as published in the Manual; currently, \$400 per day plus Our expenses	Each day that it applies	Following the death or incapacity of an owner of the Franchised Business, We may assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Us. We charge this temporary management fee during the time We are operating Your Franchised Business and We will also be entitled to reimbursement of any expenses We incur that are not paid out of the operating cash flow of the Franchised Business.
Secret Shopper Program	Will vary	As incurred.	If we implement a secret shopper program, you will be required to participate and to pay the associated fees and costs.
Indemnification	Will vary with circumstances	As incurred	You must defend lawsuits at Your cost and hold Us harmless against lawsuits arising from Your operation of the Franchised Business.

Name of Fee ¹	Amount	Due Date	Remarks
Renewal Fee	25% of the then-current franchise fee	90 days prior to termination	You must notify Us in writing at least 90 days prior to the end of Your Franchise Agreement with Us that You wish to Renew Your Franchise. You must also sign a General Waiver and Execute the then-current Franchise Agreement.
Liquidated Damages	Within 15 days, pay the amount due based upon the formula noted in the Remarks section	Upon termination	An amount equal to the average weekly Royalty Fees and Marketing Fees you owed to us during the 52 full weeks of operation preceding the effective date of termination multiplied by the greater of 156 and the number of weeks remaining in the term of the Agreement had it not been terminated, discounted to present value at the discount rate published by our then-current commercial bank.

No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. All fees are generally nonrefundable. Unless otherwise noted in the above table or notes below, fees are uniformly imposed.

NOTES

1. Unless stated otherwise under the “Remarks” column, these fees are imposed by and are payable to us. Existing system franchisees may pay a lower Royalty Fee and Marketing Fee amount.
2. “Gross Revenue” will include all revenue generated by the Face to Face Spa excluding sales taxes and tips in case tips are included in gross revenue by the POS system.
3. You must maintain certain types of insurance coverage as disclosed in Item 9 or in the Manual.
4. These amounts are estimates and approximate the average charge to you for services. Charges may vary based upon the actual time spent by our staff and the duration of the training or assistance provided.
5. These items are directly payable to third party vendors upon their billing to you.

ITEM 7 - ESTIMATED INITIAL INVESTMENT**YOUR ESTIMATED INITIAL INVESTMENT**

EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ²	\$39,000	Lump Sum	Upon Signing	Us
Utility and Miscellaneous Security Deposits ⁴	\$100 to \$500	As Arranged	Before Opening	Landlord and Utility Companies
Real Estate/ Rent Deposit (Three Months) ³	\$27,000 to \$45,000	As Arranged	Before Opening and Monthly	Your Landlord
Signage ⁵	\$6,000 to \$10,000	As Arranged	Before Opening	Approved Suppliers
Leasehold Improvements ⁵	\$50,000 to \$400,000	As Arranged	Before Opening	Landlord, Contractors, and Vendors
Furniture, Fixtures, and Equipment ⁶	\$60,000 to \$80,000	As Arranged or as Lump Sum	Before Opening	Approved Suppliers
Software	\$800 to \$1,200	As Arranged	Before Opening	Approved Suppliers
POS and Business Hardware and Software	\$2,000 to \$4,000	As Arranged	Before Opening	Approved Suppliers
Professional Fees	\$1,500 to \$5,000	As Incurred	Before Opening	Third Parties as Incurred
Inventory and Supplies	\$50,000 to \$80,000	As Arranged	Before Opening	Approved Suppliers
Insurance ⁷	\$1,000 to \$2,500	Installment/ Lump Sum	Monthly/ Before Opening	Insurance
Training Expenses	\$7,500 to \$10,000	As Incurred	During Training/ Before Opening	Third Parties as Incurred
Grand Opening Marketing and Promotion ⁹	\$20,000 to \$23,000	As Incurred	Before Opening	Third Parties as Incurred
Additional Funds ¹⁰ (Three Months)	\$50,000 to \$85,000	As Incurred	As Incurred	Operating Capital
Total¹⁰	\$314,900 to \$785,200			

Notes:

1. Estimated Initial Investment

The above estimates do not provide for your cash requirements to cover operating losses after the initial phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines or have other assets that You may liquidate or that You may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your Face to Face Spa Franchised Business. We urge You to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for your Face to Face Spa Franchised Business. Your actual investment will vary depending upon local conditions particular to your geographic area or market. We do not finance any portion of your initial investment.

2. Initial Franchise Fee and Development Fee

The Initial Franchise Fee is \$39,000 for your first Face to Face Spa. See Item 5 for more information on the Initial Franchise Fee and Development Fee if you request and we approve multi-unit development rights.

3. Real Estate/Rent

A traditional Face to Face Spa Franchised Business ranges in size from approximately 1,500 to 2,200 square feet. Rent expense (sometimes first month's rent required in advance) for the Franchised Business will vary based on location and square footage, and other such factors. Note that you are required to execute, along with any lease, the Collateral Assignment of Lease attached to the Franchise Agreement which gives us the right to enter the premises and conduct business upon your breach of the Franchise Agreement.

4. Lease, Utility and Miscellaneous Security Deposits

You may be required to pay a lease deposit (typically the last month's rent) before you can enter the premises. Utility companies may require you to place a deposit and/or pay an installation fee before occupying the premises or installing telephone, gas, electricity and related utility services. These deposits may be refundable under agreements made with the Landlord and utility companies.

5. Leasehold Improvements

The cost of construction build-out before occupying the leased premises for your location, including the cost of design, architectural services and services performed by our required supplier for construction services will vary depending on the size, state, city or area in which you will build your unit. The location, condition of the premises as turned over from your landlord, the demand for the premises among prospective lessees, the sites previous use and the extent of the improvements required will have a significant impact on total cost. Typically, costs are higher in larger metropolitan areas and areas with significant population growth or if you choose premises in excess of our recommended range.

The low end of the range reflects the cost associated with a second-generation leasehold space where minimal construction would be necessary. The range disclosed includes the construction management fee you must pay to our required construction management supplier for the construction of your unit. In addition, the range disclosed is the range of costs after deducting any landlord allowances (tenant improvements, rent deduction and the like) which may or may not be granted by your landlord. Your construction cost may be higher depending on one or all of the factors described in this note. The above range in costs also includes the fees associated with your engagement and use of our required designated design and construction management firm.

You must have interior and exterior signage bearing the Marks as prescribed by us. The cost of signage will vary based upon the supplier of the signage, size, number of signs, and requirements of the office location and may also be affected by applicable municipal code and zoning restrictions. You must use at least those signs shown on the standard list of internal signs Face to Face requires for every Franchise Business. Some Franchisees choose to have more than the standard internal and external signage quantities.

6. Furniture, Fixtures and Equipment

The equipment estimate does not include freight or unique design alterations requested by You or as may be required by any unusual configuration of the designated site. The low estimate assumes leasing various equipment and the high estimate assumes purchase of all equipment.

The equipment necessary for the operation of a Franchise Business is listed in the Confidential Operations Manual (the “Manual”). You may purchase or lease approved brands and models from approved suppliers. The cost of the equipment will depend on financing terms available, the size of the Franchise Business, brands purchased, and other such relevant factors. As of the issuance date of this disclosure document, brand specific purchases include one Bellaire Ultrasonic machine, Nimbex ultrasonic cleaning brush per treatment room, and one Hydrafacial MD machine, ProGen PRP machine, and SkinPen microneedling machine per location, unless otherwise specified by us.

Fixtures may include desks, signs, wall coverings, and decorations. The cost of fixtures will vary, depending on the layout of the Franchise Business and other relevant factors. You may be required to use our approved vendors for these items.

All equipment, fixtures, construction, leasehold improvements and interior decor (if applicable) must meet our standards and specifications and must be approved by us. You may be required to use our approved vendors for these items.

Local ordinances may result in variances in the type of required equipment, which may affect the total price.

7. Insurance

You must obtain and maintain the required insurance coverage as described by us in Item 8 of this Disclosure Document. The cost of insurance will vary based on types and limits of insurance purchased, location of the Franchise Business, terms available and other related factors. The estimate provided is for your insurance deposit on the low range to the first three months of premiums.

8. Training

You or your designated Franchise Business manager must participate in our initial training program as stated in Item 11 of this Disclosure Document. This Item does not include estimated wages for you or your employees during training. Additional information regarding training is available in Item 11 of this Disclosure Document.

9. Grand Opening Marketing and Promotion

Prior to opening your business, we will assist you in the development of a grand opening marketing and promotion plan, which will include expenditures necessary for the implementation of the plan totaling a minimum of \$20,000. This plan will include activities and expenditures for your grand opening as well as other initial promotional and marketing purposes. You will spend this \$20,000 in accordance with the grand opening marketing and promotion plan and submit proof of expenditure to us immediately on your receipt of proof of expenditure. You may choose to spend more than the \$20,000 planned-for, however, \$20,000 is the minimum required expenditure amount.

10. Additional Funds

An amount of working capital is projected as sufficient to cover operating expenses for three months, including employee salaries, medical director payments, and overhead, but excluding salary for an owner-operator. However, we cannot guarantee that this amount will be sufficient or that You will not have additional expenses starting the business. Your costs will depend on factors such as: how much You follow our methods and procedures; Your management skill, experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level reached during the initial period.

11. Total

We relied upon our actual experience and the experience of our affiliates to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Services, Equipment; Fixtures; Furniture and Signs

Currently, we require that you engage our designated commercial real estate broker to provide you with assistance in locating an acceptable site for your Face to Face Spa location and finalizing the lease for the location we accept. You understand that the broker will still be entitled to their commissions and any other payments customary to the transaction for which we are not responsible. We also require that you use our designated vendor for design and construction management services.

You must contract, purchase, lease, or license certain logo items, furniture, equipment (including machines), décor, point of sale software, email and other trademark use items directly from us or our Affiliate.

You must contract, purchase, lease, or license certain services, logo items, equipment (including machines), furniture, décor, fixtures, supplies, or other materials to be used in the operation of the Franchise Business, if any, not required to be purchased from us, from sources or suppliers previously approved in writing by us. All services and items must conform to our current criteria. A complete list of approved suppliers will be given within the proprietary Manual and may be updated from time to time.

You must maintain an initial and ongoing inventory of System Products and Supplies. You must purchase the System Products and Supplies exclusively from us, our affiliates, or our designated supplier. The System Products and Supplies includes, among other things, the supplies used to perform the services offered by a Spa and the retail products sold to Spa customers.

You may purchase items and services for which we have not identified approved suppliers from any source, if the items and services meet our specifications. These specifications may include maintenance of uniformity, quality, price, customer service, and the ability to service the entire system.

You must comply with our specifications for brands and types of equipment used in the Franchised Business. If you propose to purchase any items for use in your Face to Face Spa from an unapproved source for which we have identified, designated, or approved supplier(s), you must request our approval first. We may require, as a condition of granting approval, that our representative(s) be permitted to inspect the supplier's facilities, and that information, specifications, and samples as we reasonably request be delivered to us for testing. We do not charge a fee for this testing. We will notify you within 90 days of your request as to whether we approve the supplier or product. If no approval is received within 90 days, it is deemed denied. Upon written acceptance and approval by us of services or products and suppliers submitted for inclusion on the Approved Suppliers List and Approved Supplies List, You will be free to purchase such service or product from such approved supplier. We may revise our Approved Supplier and Approved Supplies Lists.

General criteria used in designating a proposed supplier as an approved source include the ability to provide the service or product to our quality specifications; production and delivery capability; production and delivery costs; and integrity of the supplier.

Currently, we are an approved supplier of certain required goods or services, and we may derive revenues as a result of required purchases or leases by you. Additionally, we receive money or other material benefit pursuant to voucher credits for retail products.

There are no current purchasing or distribution cooperatives in existence with respect to the franchise system, however, we anticipate that we will negotiate purchase arrangements with suppliers for the benefit of our franchisees.

We estimate that the cost of required equipment and supplies purchased in accordance with our specifications will represent 85% to 95% of your total purchases and leases in establishing the business and 50% to 75% of your total purchases and leases during operation of the business.

Insurance

You must obtain and maintain insurance, at Your expense, with policy limits as required by Us, applicable law, Your landlord, and lender or otherwise. The policies must be written by an insurance company reasonably satisfactory to Us with an A.M. best rating of “A-” or better and include the risks, amount of coverage and deductibles as stated below. We reserve the right to increase the minimum insurance requirements:

- A. “all risk” property insurance, including business interruption insurance, customarily obtained by similar businesses in your general area to cover, at a minimum, all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Face to Face Spa; and
- B. Comprehensive general liability insurance, including products, completed operations, and contractual, in an amount of not less than \$1,000,000 per occurrence with a \$3,000,000 general aggregate; and
- C. Workers’ compensation insurance for statutory limits and employer’s liability insurance in an amount not less than \$1,000,000; and
- D. An umbrella policy in an amount of not less than \$1,000,000 and 2,000,000 general aggregate; and
- E. Professional liability coverage on each employee who performs services on customers, and which covers all services offered at the Spa, with coverage in amounts not less than \$1,000,000 per employee and 2,000,000 general aggregate; and
- F. If necessary, automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit; and
- G. You must list on all general and professional insurance policies the following as additionally insured: Face to Face Franchising, LLC, your current medical director, and your landlord or property management company.

Bookkeeping and Records

You will establish and maintain a bookkeeping, accounting and record keeping system conforming to our requirements, as may be periodically revised. You will submit periodic reports, forms and records as specified in the Franchise Agreement, the Manual or otherwise.

Revenue Derived from Franchisee Purchases and Leases

To the extent you purchase or lease products or services from us or our affiliates, we will derive revenue from such purchases or leases.

We derived \$0 in revenue from franchisee purchases or leases during our fiscal year ended December 31, 2024, and Face to Face Spa, LLC, derived \$0 in revenue from franchisee purchases during its fiscal year ending December 31, 2024. Neither we nor our affiliates receive any rebates as a result of franchisee purchases or leases.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers or distributors for the benefit of franchisees. If we negotiate a purchase agreement, you must participate in the purchasing program. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. We do not provide you any material benefits (for example, additional renewal rights or rights to acquire additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Presently there are no purchasing or distribution cooperatives in existence for the franchise System.

ITEM 9 - FRANCHISEE'S OBLIGATIONS

This table lists Your principal obligations under the franchise and other agreements. 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 the Franchise Agreement (FA) and Development Agreement (DA)	Item In the Disclosure Document
a.	Site selection and acquisition/lease	FA: Article 5 DA: None	ITEMS 11 and 12
b.	Pre-opening purchases/leases	FA: Articles 5, 12 and 15 DA: None	ITEMS 7, 8 and 11
c.	Site development and other pre-opening requirements	FA: Articles 5 and 8 DA: None	ITEMS 7, 8 and 11
d.	Initial and ongoing training	FA: Article 8 DA: None	ITEMS 6, 7 and 11
e.	Opening	FA: Articles 5 and 8 DA: Article 4	ITEM 11
f.	Fees	FA: Articles 3, 5, 8, 10, 11, 12, 13, 15, 18 and 21 DA: Articles 3, and 7	ITEMS 5, 6, 7 and 11
g.	Compliance with standards and policies/Operating Manual	FA: Articles 6, 7, 9, 10, 11, 12, 13, 15, and 18 DA: None	ITEMS 8 and 16
h.	Trademarks and proprietary information	FA: Articles 6, 7, 9, and 17 DA: Articles 6, 8, and 9	ITEMS 13 and 14
i.	Restrictions on products/services offered	FA: Articles 5, 6, 7, 10, 11, 12 and 13 DA: None	ITEMS 8 and 16
j.	Warranty and customer service requirements	FA: Article 13 DA: None	ITEM 16
k.	Territorial development and sales quotas	FA: Articles 2 and 13 DA: Articles 2, 4, and Exhibit 1	ITEM 12
l.	Ongoing product/service purchases	FA: Article 13 DA: None	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	FA: Articles 5, 10 and 13 DA: None	ITEM 6
n.	Insurance	FA: Article 15 DA: None	ITEMS 6, 7 and 8
o.	Advertising	FA: Articles 3 and 11 DA: None	ITEMS 6, 7 and 11

Obligation		Section In the Franchise Agreement (FA) and Development Agreement (DA)	Item In the Disclosure Document
p.	Indemnification	FA: Article 21 DA: Article 11	ITEM 6
q.	Owner's participation/management/staffing	FA: Articles 8 and 13 DA: Article 4	ITEM 15
r.	Records and reports	FA: Articles 5 and 12 DA: None	ITEM 11
s.	Inspections and audits	FA: Articles 6, 12 and 16 DA: None	ITEMS 6, 11 and 13
t.	Transfer	FA: Article 18 DA: Articles 7 and 8	ITEM 17
u.	Renewal	FA: Articles 4 and 16 DA: Article 5	ITEM 17
v.	Post-termination obligations	FA: Articles 17 and 21 DA: Article 9	ITEM 17
w.	Non-competition covenants	FA: Articles 7, 17 and Exhibit 2 DA: Article 9	ITEM 17
x.	Dispute resolution	FA: Article 23 DA: Article 13	ITEM 17

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, Face to Face Franchising, LLC is not required to provide you with any assistance

Before you open your Franchised Business, we will:

1. Designate your Designated Territory (Franchise Agreement, Section 2.5);
2. If you are an Area Developer, designate your Development Territory (Development Agreement, Section 2.1 and Exhibit I);
3. If we have not already accepted a site that you have selected before signing the Franchise Agreement, then we will evaluate your chosen site based on the following criteria: the condition of the premises; demographics of the surrounding area; proximity to other Face to Face Spas; proximity to competing spas; lease requirements; proximity to major roads; available parking; and overall suitability. We will provide you with written notice of our acceptance of any proposed site within 30 days after receiving all requested information. If you receive a denial you must submit an alternate site until approved. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. (Franchise Agreement, Sections 2.2, 2.3 and 5.1);
4. Provide you with a standard overview for the build-out options for the Franchised Business, if necessary, along with the name of our approved layout design technician and a list of suggested equipment that You might choose to purchase or lease and install; (Franchise Agreement, Section 5.3);
5. Provide an initial training program (Franchise Agreement, Section 8.1);

6. Provide to you, on loan, one copy of the Face to Face Spa Operations Manual in digital form. The Table of Contents of the Operations Manual, along with the number of pages devoted to each section, is described in detail later in this Item (Franchise Agreement, Section 9.1);

7. Assist you in the preparation of a grand opening advertising and promotional plan, which includes related expenditures, in order to promote the grand opening of the Spa as well as certain initial marketing and promotional activities. (Franchise Agreement, Section 11.3.); and

8. In **connection** with the establishment of your first location, provide you with up to five days of on-site opening assistance (Franchise Agreement, Section 8.1).

After the opening of the Franchised Business, we will:

1. periodically, advise and offer general guidance to you (Franchise Agreement, Section 14.1);

2. Make periodic visits to the Franchised Business to assist you in various aspects of the operation and management of the Franchised Business. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business and detail any deficiencies that become evident as a result of any such visit. If we prepare a report, you will be provided with a copy (Franchise Agreement, Section 14.2);

3. Make available to You changes and additions to the System as generally made available to all franchisees (Franchise Agreement, Sections 10.2 and 14.3);

4. Periodically, provide advertising and promotional materials for your use or purchase (Franchise Agreement, Section 14.4);

5. Review, for approval, forms of advertising materials you will use for Local Advertising, Opening Advertising and any optional advertising (Franchise Agreement, Sections 11.1, 11.2 and 11.3); and

6. Provide You with modifications to the Manual as they are made available to franchisees (Franchise Agreement, Section 9.2).

Typical Length of Time Between the Signing of the Franchise Agreement and Beginning Operation

We estimate that the typical length of time for you to open your Face to Face Spa will be a maximum of 360 days from the effective date of your Franchise Agreement. Factors that may affect your beginning operations include ability to secure a location, travel arrangements to training, financing, compliance with local ordinances, weather conditions and delays in setup or installation of software, equipment and fixtures. You are required to secure a site for your Franchised Business within 180 days of the effective date of your Franchise Agreement, and you are required to open your Franchised Business and be operational within 180 days after executing a lease or signing a purchase agreement for a location, but no later than 360 days from the effective date of your Franchise Agreement. If you do not open your Face to Face Spa within the above time frame, we reserve the right to terminate your franchise agreement.

Advertising and Promotion

All advertising and promotions must be previously approved in writing by us. If we do not approve your submitted advertising and promotional material within 20 days, they are deemed denied.

Marketing Fee

We do not require that you contribute to an advertising fund. As described in Item 6, however, we impose and collect a Marketing Fee of 2% of Gross Revenue which compensates us for certain marketing and promotional activities such as the creation and production of promotional materials. While we have no contractual obligation to do so, it is our intent to spend Marketing Fee monies, or an equivalent amount, on

regional and national brand development. We do not guarantee that you will benefit from the Marketing Fee in proportion to your Marketing Fee payments.

Marketing Fee monies will not be held in a trust or escrow account, nor do we have any contractual obligation to account for Marketing Fee monies separately, and we will not have any fiduciary obligations to you with respect to the Marketing Fee. We will determine the use of the Marketing Fee monies and we need not provide you with a periodic accounting on how Marketing Fee monies are spent. If Marketing Fee monies are not spent in the fiscal year in which they accrue then, as these amounts are general operating funds, we may spend such monies as we deem appropriate. We will not be required to spend any particular amount on marketing, advertising, or promotion in your Store's market area, nor any pro rata amount based upon your Marketing Fee payment. We have used revenue received from franchisees to market and promote the franchise opportunity and we reserve the right to do promote the franchise opportunity as we determine to be appropriate.

Grand Opening Marketing and Promotion

Prior to opening your Spa, we will assist you in the development of a grand opening marketing and promotion plan, which will include expenditures necessary for the implementation of the plan totaling a minimum of \$20,000. This plan will include activities and expenditures related to the grand opening of your Spa as well as other initial promotional and marketing activities. You will spend this \$20,000 in accordance with the grand opening marketing and promotion plan and submit proof of expenditure to us immediately on your receipt of such proof of expenditure. You may choose to spend more than the \$20,000 planned-for, however, \$20,000 is the minimum required expenditure amount.

Local Advertising Expenditure

You will spend, at minimum, \$1,500 per month on approved local marketing and promotion in the Territory. We reserve the right to require that you spend up to \$1,200 per month of this expenditure amount as directed by us. You may be required to also submit all proof of such local advertising expenditures to us. All local advertising materials must be submitted to us for approval prior to use. In the event you fail to spend this minimum amount, you fail to spend the minimum amount on approved marketing, or you fail to provide proof of such expenditure, we reserve the right to electronically draw this expenditure amount from your designated business account each month and spend it on your behalf on marketing and promotional activities. In the event we exercise this right, you will pay to us our then-current Advertising Administration Fee, currently \$250 per month.

You must, in accordance with our processes and procedures governing your online and digital presence, list the Franchised Business through Yelp.com, Google maps, social media platforms (such as Facebook and Instagram) and in any other directory that we specify. You must place the listings together with other Face to Face Spas operating within the distribution area of the directories.

Advertising Cooperatives

We may establish a Cooperative Advertising program for the benefit of all Face to Face Spa businesses located in a particular region, including non-voting Franchisor owned unit(s). You must participate in any Cooperative Advertising program established in your region. We have the power to require Cooperative Advertising programs to be created, dissolved or merged. We will require each Cooperative Advertising program to prepare periodic financial statements.

Face to Face Spa Website

We have established a website for Face to Face Spa Businesses ("Website") which currently includes dedicated pages for each Face to Face Spa location, including franchise locations. Franchisee location pages typically include information relating to the specific related Spa location. You must notify us whenever any information on the webpage for your Spa changes or is inaccurate. At your request, we may update or add information that we approve to your webpage. We may request that you provide content

for our internet marketing, and you must follow our intranet and internet usage rules, policies, and requirements. We may change the requirements relating to your page at any time. You may not establish or maintain any other website, internet, or digital presence without our prior written approval. Currently, we intend that any franchisee webpage will be accessible only through our home page.

Computer/Software/Phone System

You must purchase, for use in the Franchised Business our specified point of sale, computer systems, telephone systems, and equipment. We do not specify specific computer hardware or an Internet supplier, however your hardware must be compatible with our designated point of sale system and any additional software requirements. However, you must have our designated operating system. Your computer must be in good repair, with sufficient memory to carry out ordinary business functions, as provided in the Operations Manual. We may require that you add additional, new or substitute software, replace or upgrade your computer systems and equipment, and enter into maintenance agreements with third parties. You must acquire, install, and maintain all required anti-virus and anti-spyware software as designated by us in addition to any email or internet usage policies that we require within 30 days of written notice. You are solely responsible for updating the manufacturer's software on each device and ensuring that each device is not older than three versions past.

You must subscribe for and use the designated point of sale system to process all sales, including credit card transactions, prepare sales reports, and other back-office reports such as revenue reports based on service, sales, product sales, and membership sales. You must also purchase the following computer equipment, software, and licenses from our approved suppliers: (a) two to four computers, monitors, printer, scanner, barcode scanner, receipt printer, and credit card wiper/Chip card terminal; (b) three to five tablets, are recommended for the lobby, plus one tablet per treatment room in your Spa (you must purchase tablet accessories separately) all tablets must be kept current with respect to software; (c) operational and accounting software; (d) Microsoft Office; and (e) active and current anti-virus license with opened permission for current point of sale software for each computer for use in your Franchised Business.

You must also purchase, install, and use the sound system and phone system that we designate from our designated suppliers. You must also purchase, install, and use a surveillance system, which may, but is not required, to be our current preferred surveillance system.

We reserve for ourselves and for our affiliates the right to collect any amounts you may owe to technology vendors, whether for hardware or software or other related services, and to remit such payments to vendors as a Technology Fee. We may charge an administrative fee of 10% of the amounts due to manage such payments. These third parties may increase or decrease their fees and we reserve the right to add, modify, or delete technology requirements to be used in connection with your Franchised Business. Currently, the Technology Fee due to us consists of the straight pass-through costs for the following: \$28.76 per month per license for your Office 365 licenses (a minimum of two licenses are required); \$40 per month for online Face to Face Spa learning management software; and \$704.88 per month for the designated Point of Sale System.

Currently, our designated accounting software is QuickBooks Online with a current fee of approximately \$65 per month. You must follow our designated chart of accounts in preparing your financial statements using QuickBooks Online.

We have the right to independently access all information collected or compiled by or in accordance with your use of the software at any time without first notifying you. You must update or upgrade computer hardware or software as we deem necessary.

We own all client lists and license these lists to you to be used in only in connection with your operation of the Franchised Business.

E-Problem Disclaimer

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures and similar problems, and attacks by hackers and other unauthorized intruders (“E-Problems”). We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, third-party vendors, lenders, landlords, and governmental agencies on which You rely, have reasonable protection from E-Problems. This may include taking reasonable steps to secure your systems (including firewalls, password protection and anti-virus systems) and to provide backup systems.

Operations Manual

We will provide You, during the term of the Franchise Agreement, electronic access to the Manuals, containing reasonable and mandatory specifications, standards, operating procedures and rules prescribed by us for Face to Face Spas and information relative to Your other obligations and the operation of your Franchised Business. If there are any disputes over the contents of the Manual, the terms of the master copy maintained at our headquarters will control. Our interpretations of the provisions of the Manuals are controlling, and You must abide by our interpretations. We will have the right to periodically add to and otherwise modify the Manuals to reflect changes in the specifications, standards, operating procedures and rules required by us for Face to Face Spas. The Table of Contents for the Manuals, as of the date of this Disclosure Document, is disclosed as Exhibit H.

We have a compilation of manuals and materials that total greater than 395 pages. Failure to follow the mandatory specifications, standards or operating procedures in the Manuals, as amended from time to time, may constitute a material breach of the Franchise Agreement.

Training

We will conduct an Initial Training program of approximately three weeks, that the Designated Owner (which is you, if you are not a corporation or other business entity) must attend and complete to our satisfaction. Although Initial Training is mandatory for the Designated Owner, you may bring a total of five trainees free of charge. Training will take place at our corporate office headquarters in Austin, Texas or at another location or locations we designate. We expect trainees will advance through the training program at different rates depending on a variety of factors such as background and experience. Accordingly, the time frames provided in the following chart are an estimate of the time it will take to complete training. Additional employees may attend any scheduled training session at no additional charge if spaces are available in the training session. You must pay for all travel costs, living expenses, and wages for your attendees. This Initial Training is in addition to the on-the- job assistance we provide to you.

TRAINING PROGRAM

Subject	Classroom Training (Hrs)	On the Job Training (Hrs)	Location
Spa Operating Procedures - History/Philosophy of Face to Face Spa - Use of the Manual - Pre-Opening Procedures - Client Service Procedures - Selling Memberships and Products - Service Provider Training	40 ¹	20	Austin, TX or other designated Spa
Spa Administration/ Management Use of Technology	40 ¹	20	Austin, TX or other designated Spa

Subject	Classroom Training (Hrs)	On the Job Training (Hrs)	Location
• Marketing and Promotion • Human Resources			
Total	80¹	40	

Note 1. Of the 80 hours of Classroom Training, the majority are provided online or remotely.

Training will be provided under the supervision of our CEO Jenny Abraham who has owned and operated a Face to Face Spa since 2011, has worked as a registered nurse since 2005 and has been with us since our inception, and third parties who may be hired from time to time to assist with training.

If circumstances require, a substitute trainer may provide training. We also reserve the right to name additional trainers periodically. There are no limits on our right to assign a substitute to provide training.

You may be required to attend refresher training at our location or another location that we designate. Attendance at these programs will be at your expense, which may include tuition fees; however, we will not require You to attend more than 1 of these programs in any calendar year and these programs will not collectively exceed 4 days during any calendar year.

ITEM 12 - TERRITORY

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.

We will grant you a Territory that will be delineated by a specific geographic boundary. The territory may vary depending on population density or market considerations, as determined by us in our sole discretion. The size and shape of your Territory will also take into consideration the specific market variables of your location, such as population density, market trends, traffic flow, the location of other Face to Face Spas and natural and man-made boundaries. In general, while we do not promise a minimum territory, we typically grant a 3-mile radius around the Spa. Upon entering into a lease, approved by us with all applicable lease rider provisions we require, for the location of your Face to Face Spa, a written description of your territory will be provided to you and will be inserted into the Franchise Agreement by an addendum (the "Designated Territory").

If You are in compliance with the Franchise Agreement during its term, we will not establish any other Face to Face Spa Business whether franchised or company-owned businesses in your Designated Territory. However, we have the right to: (a) establish, own or operate, or continue to own or operate, and license others to establish, own or operate, or continue to own or operate, Face to Face™ Businesses outside of the Designated Territory; (b) establish, own or operate, and license others to establish, own or operate, or continue to own or operate, other businesses under other systems using other trademarks at locations inside or outside of the Designated Territory, including Competitive Businesses, such as a SKIN BRILLIANCE Studio business; (c) purchase or acquire the assets or controlling ownership of one or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Designated Territory; (d) be acquired by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Designated Territory; (e) provide the services and sell any products authorized for Face to Face Spa using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies and Internet sales and catalog sales,; and/or (f) engage in any other activities not expressly prohibited in the Franchise Agreement.

The continued right of your Designated Territory does depend on your sales quotas. We require that during each calendar year you reach or surpass \$250,000 in gross revenue. If you fail to reach or surpass the minimum sales requirements, we have the right to establish, offer or sell another Face to Face Spa within your Designated Territory.

You may not relocate your Face to Face Spa without Our prior written consent. If the lease for the Accepted Location expires or terminates through no fault of you or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable or as otherwise may be agreed upon in writing by both you and us, We may allow You to relocate the Franchised Business. Any such relocation will be at Your sole expense, and must follow the requirements of Sections 5.1 through 5.6 of the Franchise Agreement including all timeframes. There may need to be modifications by us, to reflect the new circumstances. We have the right to charge You for any costs incurred by us in providing assistance to You, including, legal and accounting fees. Otherwise, We have no obligation to provide relocation assistance. If we do not approve of any relocation site, this Agreement shall terminate.

Our affiliate, Skin Brilliance, offers franchises for businesses which provide facials and other skin care and aesthetic services in studio-style locations such as salon suites under the "Skin Brilliance" trademark. These "Skin Brilliance" locations may be located in your Territory and may market their services, and provide services to customers who live or work, within your market area. Skin Brilliance shares our principal place of business, including our offices and training facilities. In the event of a conflict between Face to Face Spa franchisees and Skin Brilliance franchisees, we will look to resolve such issues on a case by case basis depending on the issue.

Development Agreement

If you are a Developer, we will grant you a protected Area Development Territory. The Area Development Territory will vary in size depending upon the number of Face to Face Spas you intend to develop, population density and demographics and other factors. If you meet the minimum Development Schedule, comply with all other provisions described in the Development Agreement and comply with the provisions of each related Franchise Agreement, we will not establish or operate, or license others to establish or operate, any Face to Face Spa in your Development Territory during the term of the Development Agreement.

However, We and our Affiliates have the right to: (a) continue to own and operate, and allow others to continue to own and operate, Face to Face Spa existing inside and/or outside of the Development Territory as of the date of the Development Agreement; (b) establish, own or operate, and license others to establish, own or operate, Face to Face Spa outside of the Development Territory; (c) establish, own or operate, and license others to establish, own or operate, or continue to own or operate, businesses under other systems using other trademarks, both within and outside the Development Territory; (d) purchase or acquire the assets or controlling ownership of one or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Development Territory; (e) be acquired by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Development Territory; (f) provide the services and sell any products authorized for Face to Face™ Businesses using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, Internet sales and catalog sales; and/or (g) engage in any activities not expressly forbidden by the Development Agreement.

ITEM 13 - TRADEMARKS

Registrations and Applications

We grant our Franchisees the right to operate their Face to Face Spa under the name "Face to Face" which is the principal Mark used to identify our System. You may also use any other current or future Mark to operate your Franchised Business that we designate in writing, including the logo on the front of this

Disclosure Document and the trademarks listed below. By “Mark”, we mean any trade name, trademark, service mark or logo used to identify your Face to Face Spa. As of the date of this Disclosure Document, Face to Face Spa, LLC, has registered the following Marks on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

Mark	International Classification	Registration Number	Registration Date
FACE TO FACE SPA	IC 035, IC 044	4,686,979	December 23, 2013
 (logo design)	IC 044	6,663,879	March 8, 2022

Within the 12 month period following the issuance date of this Disclosure Document, we anticipate that our affiliate, Face to Face Spa, LLC will file a Federal application for registration for the trademark “FACE TO FACE MED SPA.” You may be required to open and operate under this new trademark. We do not have a federal registration for this new principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Face to Face Spa, LLC has granted us a license to use and sublicense to use the above-mentioned Marks, dated June 15, 2014. The term of the license is for 99 years. The license agreement may be terminated if we take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of our properties and is not discharged within 90 days, if we wind up, sell, consolidate or merge our business, or if we breach any of our duties and obligations under the license and do not cure the breach within 60 days following written notice of the breach. Within the license agreement, the term “Marks” includes any other trade names, service marks, trademarks, designs, logos, slogans and commercial symbols now in existence or later adopted by Face to Face Spa, LLC that are used in connection with the System. This license agreement licenses to us any future trademarks acquired by Face to Face Spa, LLC as well.

Proceedings

We know of no currently effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

Agreements

Except as stated above, there are no agreements currently in effect that significantly limit our rights to use or to license the use of the Marks in any manner material to the franchise.

Infringing Uses

We are aware of a Face to Face Salon Spa in Jamestown, North Dakota, a Face to Face Spa in Manhattan, New York, and a Face 2 Face Skin Boutique in Houston, Texas, which may be instances of prior use of the Face to Face Spa trademark in those market areas. Otherwise, we know of no infringing or prior superior uses that could materially affect the use of the Marks in this State or any other state in which the Franchised Business is to be located.

Your Rights and Obligations with Respect to the Proprietary Property Including the Proprietary Mark

All usage of the Marks by You and any goodwill established through your use will exclusively benefit us. You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business. You may only use the Marks in accordance with our standards, operating procedures and specifications. Any unauthorized use of the Marks by You is a breach of the Franchise Agreement and an infringement of Our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to You after You sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

We have the right, but not the obligation, to assume or control any claims of infringement or unfair competition arising from your use of any Marks. If you are aware of any potentially infringing use, you must immediately notify us of any such apparent infringement of, or challenge our claim to your use of any Marks. This means we have exclusive control over any settlement or proceeding concerning any Mark; and you agree to be a witness in any legal or arbitration proceeding on our behalf. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks. You may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims, however, You may communicate with your own counsel at your own expense.

You must use the Marks as the sole trade identification of the Franchised Business; however, You may not use any Mark or part of any Mark as part of your business entity name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

You must notify us in writing before applying for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing the words “Face to Face Spa” or any variation thereof without our prior written consent.

We have the sole right to maintain Social Media sites and applications such as: X, TikTok, Pinterest, Facebook, LinkedIn, and other sites and applications that we may establish. We do not allow you to establish or utilize Social Media sites or applications for business purposes. You and your employees do not have the right to utilize the Mark(s): Face to Face on any Social Media sites or applications, even if made from a personal Social Media account. Further, any representations from you, or your employees regarding your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, are deemed a breach of Confidential Information under the Franchise Agreement.

The Development Agreement does not grant the right to use the Marks or the right to license others to use the Marks. Use of the Marks is granted only under the Franchise Agreement.

Modification

We can require You to modify or discontinue the use of any Mark and/or to use other trademarks or service marks. If we adopt and use new or modified Marks, You may be required to add or replace supplies, signs and fixtures, and You may have to make other modifications as necessary to comply with our standards and specifications. We will not be required to reimburse You for modifying or discontinuing

the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. We are not obligated to reimburse You for any loss of goodwill associated with a modified or discontinued Mark.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Under the Franchise Agreement, You agree not to contest, directly or indirectly, our ownership, title, right or interest in our common law rights, copyrights, Trade Dress, Trade Secrets, Confidential Information, the System, methods, procedures or any other intellectual property rights that are part of our System or contest our sole right to register, use or license others to use (except as limited by the Franchise Agreement) the common law rights, copyrights, Trade Dress, Trade Secrets, Confidential Information, the System, methods, procedures or any other intellectual property rights that are part of our System.

Patents

No patents are material to the franchise.

Copyrights

We claim all copyright ownership and rights in and to the Manual, our website, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not and are not required to register these copyrights with the United States Copyright Office. You must use these items only as we specify while operating the Franchised Business and You must stop using these items if we direct You to do so. You may not duplicate or disclose any portion of the Manual in an unauthorized manner. Further, all information is proprietary and the Franchise Agreement and the Development Agreement require You to keep such information confidential.

Proceedings

We know of no currently effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Except as stated above, our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

Confidential Information

We have developed certain Trade Secrets and other Confidential Information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a FacetoFace Spa™ Business. We will provide our Trade Secrets and other Confidential Information to You during training, in the Manual and as a result of the assistance we furnish You during the term of the franchise. You may only use the Trade Secrets and other Confidential Information for the purpose of operating your Franchised Business. You may only divulge Trade Secrets and other Confidential Information to employees who must have access to it in order to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to Trade Secrets or other Confidential Information, including the owners, directors, managers of the business, nurses, and physicians (and members of their immediate families and households), are required to sign non-disclosure and non-competition agreements in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

Proprietary Information

Face to Face Spa, LLC has granted us a license, dated June 1, 2014, to use and sublicense for the use of its domain name www.FacetoFaceSpa.com. The term of the license is for 99 years; however, the license agreement may be terminated if we take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of our properties and is not discharged within 90 days, if we wind up, sell, consolidate or merge our business, or if we breach any of our duties and obligations under the license and do not cure the breach within 60 days following written notice of the breach.

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for You or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other Franchisees. Likewise, we will disclose to You concepts and developments of other Franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

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

The Franchised Business must always be under the direct supervision of a Designated Owner. If You are an individual, You must devote your personal attention to the day-to-day operation of the Franchised Business, or employ a manager responsible for running the Franchised Business. If You are a corporation or other business entity, the Designated Owner must be the person You designate in writing (and approved by us in writing) and have primary responsibility for managing the day-to-day affairs of the Franchised Business. The Designated Owner must hold an ownership interest in You if You are an entity.

Unless we otherwise agree in writing, you and all Designated Owner must attend and successfully complete our training program prior to engaging in business operations. You must keep us informed of the identity of your current Designated Owner. If your Designated Owner does not serve as the Manager, you may hire a Manager, however, a Manager must devote his or her full time best efforts to the day-to-day management and operation of Your Face to Face Franchised Business. You may hire a Manager if your Designated Owner does not act as the Manager, but this will increase the cost of operation of your Face to Face Franchise and may impair results. Regardless of whether the Designated Owner assumes the full-time responsibility of the Manager or you hire an additional full-time Manager, the Franchised Business must employ one fully-trained full-time Manager. Any replacement or additional Manager that you hire must complete the initial training required for Managers before assuming the management of your Face to Face Spa Franchise, unless we otherwise agree in writing. You are responsible for the expenses of Manager training, including tuition, travel, lodging, meals and salary. Managers must sign a confidentiality agreement which prohibits them from disclosing proprietary information related to the Franchise or System, as described in Item 14, and contains covenants not to compete during and after employment for a period of two years, as described in Item 17. The Designated Owner must not have an interest or business relationship with any of Face to Face's competitors. Your Manager and such other personnel as we designate must sign our form of Non-Disclosure and Non-competition Agreement before You grant access to the Manuals or any other Confidential Information.

If You are a business entity, anyone who owns a direct or indirect interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and Development Agreement and agree to be personally liable for your breach of the Franchise Agreement and Development Agreement by signing the Guaranty and Assumption of Obligations attached to each agreement.

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the services and products we specify periodically, in strict accordance with our standards and specifications. You may not sell any services or products that we have not authorized in writing, and You must discontinue offering any services or products that we may disapprove. Face to Face may modify any of its specifications, standards, or requirements as and when it deems necessary and You must promptly modify your operation or product lines accordingly. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, supplies, signs and fixtures, and you may have to make improvements or modifications as necessary to comply with our then-current standards and specifications. We have the right to establish maximum, minimum, or other retail pricing requirements to the extent permitted by law.

We may require you, if permitted by law, to participate in a gift card or other customer loyalty program according to the provisions set forth in the Manuals or otherwise disclosed to you. In order to participate, you may be required to purchase additional equipment and pay any fees applicable for use of the equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be derived or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

You must promote, offer, sell and dispense all products and services required by us as part of the System. You may not co-brand with any other business. You must not engage in any activity, conduct or practice that is contrary to Our or Your best interest, or that is reasonably anticipated to result in litigation with suppliers or customers of Your Franchise Business, or in public criticism of Face to Face or your Franchised Business generally.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as we determine, including test marketing for the purpose of customer or operational feedback or evaluation, your qualifications, and regional or local differences.

You may recommend other suppliers that are not on our approved list. We will evaluate your recommended suppliers to determine if their products meet our specifications and requirements.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

THE FRANCHISE RELATIONSHIP

Provision	Section in the Franchise Agreement	Summary
a. Length of the term of the franchise	Section 4.1	The initial term is 10 years.
b. Renewal or extension of the term	Section 4.2	We may, at our sole option, grant you the right to renew your franchise rights for up to two additional terms of 5 years, subject to (c) below.
c. Requirements for You to renew or extend	Section 4.2	You may renew the Franchise Agreement if You: have fully complied with the provisions of the Franchise Agreement or have cured any Notices of Default; have the right to maintain possession of the Accepted Location or an approved substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement between You and Us; have given timely written notice of your intent to renew; sign the then- current Franchise Agreement; comply with current qualifications and training requirements; and sign a general release in our then-

Provision	Section in the Franchise Agreement	Summary
		current form, and pay to us the Renewal Fee.
c. Termination by You	Not Applicable	Not Applicable
e. Termination by Us without cause	Not Applicable	Not Applicable
f. Termination by Us with cause	Section 16.1	We may terminate the Franchise Agreement only if you are in default of its terms.
g. "Cause" defined- curable defaults	Section 16.1	We may terminate the Franchise Agreement if you (i) fail to comply with any legal or regulatory notice within 15 days of receipt from the administrative or legal authority or (ii) fail to comply with mandatory specifications in the Franchise Agreement or Manual within 15 days of receiving our notice of default or (iii) if You cure a default arising from your failure to make payments due us within 5 days of receiving our notice of termination.
h. "Cause" defined defaults that cannot be cured	Sections 5.5 and 16.2	We have the right to terminate the Franchise Agreement without giving You an opportunity to cure if You: fail to have your Designated Owner satisfactorily complete training within 90 days of execution of the Franchise Agreement; you fail to secure a site within 180 days of signing your Franchise Agreement or you fail to open the Franchised Business for business within 180 days of securing your site; made a material misrepresentation or omission in the application for the Franchise; are convicted of or plead no contest to a felony, abuse, sex offender or other crime or offense likely to affect the reputation of either party or the Franchised Business; use the Manual, Confidential Information or the Marks in an unauthorized manner; abandon the Franchised Business for three or more consecutive days; surrender or transfer of control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the primary supervision of a Designated Owner if You die or become disabled; submit reports to Franchisor on two or more separate occasions understating any

Provision	Section in the Franchise Agreement	Summary
		amounts due by more than 2%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on three or more occasions within any 12 months to submit reports or records or to pay any fees due us or any Affiliate; continue to violate any health, safety or other laws or conduct the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; repeatedly breach the Franchise Agreement or comply with specifications; or default under any other agreement between you and us (or an Affiliate) such that we (or the Affiliate) have the right to terminate the agreement. Termination of a Franchise Agreement will not automatically result in the termination of your other Franchise Agreements then in-effect between us unless the same material breach constitutes a breach of the other Franchise Agreement and we take separate steps to terminate the Franchise Agreement.
i. Your obligations on termination/non- renewal	Section 17.1	If the Franchise Agreement is terminated or not renewed, You must: stop operating the Franchised Business; stop using any Confidential Information, the System and the Marks; if requested, assign your interest in the Accepted Location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages, liquidated damages and costs incurred in enforcing the Franchise Agreement; return the Manual and all other Confidential Information; assign your telephone and facsimile numbers for the Franchised Business to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by Us	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by You-	Section 18.2	"Transfer" includes transfer of an interest

Provision	Section in the Franchise Agreement	Summary
definition		in the Franchise, the Franchise Agreement, the Accepted Location, the Franchised Business's assets or the Franchisee entity.
l. Our approval of transfer by You	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for Our approval of transfer ¹	Section 18.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; You and the Transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective Transferee meets our business and financial standards; the Transferee and all persons owning any interest in the Transferee sign the then current Franchise Agreement; You provide us with a copy of all contracts and agreements related to the transfer; You or the Transferee pay the Transfer Fee; the Transferee or the owners of Transferee have agreed to be personally bound by all provisions of the Franchise Agreement; You have agreed to guarantee performance by the Transferee, if requested by us; the Transferee has obtained all necessary consents and approvals of third parties; You or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Franchise Agreement; and the Transferee has agreed that its Designated Owner and any additional nurses or physicians will complete the initial training program before assuming management of the Franchised Business.
n. Our right of first refusal to acquire Your Franchised Business	Article 19	We may match an offer for your Franchised Business or an ownership interest You propose to sell.
o. Our option to purchase Your Franchised Business	Section 17.4	Except as described in (n) above, we do not have the right to purchase your Franchised Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement,

Provision	Section in the Franchise Agreement	Summary
		we have the right to purchase any assets of the Franchised Business for book value.
p. Death or disability	Sections 16.1 and 18.6	After a death or incapacity of one of your owners, his or her representative must transfer, subject to the terms of the Franchise Agreement, the owner's interest in the Franchised Business or in the entity owning the interest in the Franchised Business within 24 months of death or incapacity or we may terminate the Franchise Agreement. If we deem it necessary, we may take over the operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred, and we may charge a fee of \$400 per day for this service and be entitled to reimbursement of expenses.
q. Non-competition covenants during the term of the franchise	Sections 7.3 and 7.4	You, your owners (and members of their families and households) and your officers, directors, executives, managers, and employees are prohibited from: attempting to divert any customer, employee or other business associate of ours, the Franchised Business, our Affiliate(s) or any other franchisee to a Competitive Business, or soliciting or attempting to induce any customer, employee or other business associate of ours, the Franchised Business, our Affiliate(s) or any other franchisee to terminate or modify their business relationship with us, the Franchised Business, our Affiliate(s) or any other franchisee or causing injury or prejudice to the Marks or the System; owning or working for a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2	For two years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives or managers are prohibited from: owning or working for a Competitive Business operating within 30 miles of the Accepted Location or within the Designated Territory (whichever is greater), and within 30 miles of any other Face to Face Spa; or soliciting or influencing any patients, nurses, physicians, employees or

Provision	Section in the Franchise Agreement	Summary
		business associates of ours, our Affiliate(s) or any other franchisee to terminate or modify their business relationship with us, our Affiliate(s) or any other franchisee.
s. Modification of the agreement	Sections 9.2 and 22.6	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/merger clause	Section 22.6	Only the terms of the Franchise Agreement and requirements within the Manual are binding. Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23.7	Except for actions or claims for injunctive relief or specific performance or relating to the Marks, Trade Secrets or Confidential Information, all disputes are subject to mandatory mediation in Williamson County, Texas.
v. Choice of forum	Section 23.2	Claims for injunctive relief or specific performance may be brought by us where You are located. All litigation must be filed in Williamson County, Texas.
w. Choice of law	Section 23.1	Texas law applies, unless voided by your state (see State Addendums attached).

ITEM 18 - PUBLIC FIGURES

We do not use any public figures to promote the franchise.

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

The 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.

Gross Revenues For FACE TO FACE SPA Businesses Open and Operating at Least One Year as of December 31, 2024

As of the end of the 2024 calendar year, eight franchised and two corporate-owned Face to Face Spa Businesses were open and operating. Seven of the franchised locations and both of the corporate-owned locations had been open and operating for at least one full calendar year and have been included in the table below:

Business Name	Gross Revenue ¹	Franchised/ Corporate ²	Opening Year
---------------	----------------------------	---------------------------------------	--------------

Circle C	\$1,446,108	Corporate	2015
Dripping Springs	\$1,173,435	Franchise	2019
Towne Lake	\$1,013,757	Franchise	2017
Davenport Village	\$904,363	Corporate	2013
Avery Ranch	\$778,749	Franchise	2011
West 6th	\$667,072	Franchise	2015
Bee Cave	\$652,470	Franchise	2018
Cinco Ranch	\$591,667	Franchise	2021
Woodlands	\$500,865	Franchise	2021

Note 1. “Gross Revenue” includes all revenue generated by the Face to Face Spa Business excluding sales taxes and gratuities, as recorded by the point of sale system for each location. Such point of sale reports have not been independently audited.

Note 2. This column describes the ownership of each Spa as of December 31, 2024. The corporate locations are owned and operated by our affiliate, Face to Face Spa, LLC.

Average Gross Revenue for Franchised FACE TO FACE SPA Businesses

The following table includes the average and median Gross Revenue for the seven Franchised Businesses which were in operation during the 2024 calendar year and operated during the full 2024 year:

Average Gross Revenue	Median	High/Low	Number Who Met or Surpassed Average
\$768,288	\$667,072	\$1,173,435/\$500,865	3 of 7 met or surpassed the average

Average Gross Revenue for Corporate-Owned FACE TO FACE SPA Businesses

The following table includes the average and median Gross Revenue for the two corporate-owned Face to Face Spa Businesses which were in operation during the 2024 calendar year:

Average Gross Revenue	Median	High/Low	Number Who Met or Surpassed Average
\$1,175,236	\$1,175,236	\$1,446,108/\$904,364	1 of 2 met or surpassed the average

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Except for the representations above in this Item 19, 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 Jenny Abraham, Chief Executive Officer c/o Face To Face Franchising, LLC at 3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746, by email at Franchising@FaceToFaceSpa.com, or by telephone at (800) 797-1345, and the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	7	7	0
	2023	7	7	0
	2024	7	8	+1
Company-Owned	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Total	2022	9	9	0
	2023	9	9	0
	2024	9	10	+1

Table No. 2
Transfer of Outlets from Franchisees to New Owners (Other Than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Texas	2022	0
	2023	0
	2024	2
Total	2022	0
	2023	0
	2024	2

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired	Ceased Operations – Other Reasons	Outlets at End of Year
Ohio	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Totals	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	1	0	0	0	0	8

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Texas	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Totals	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2

Note 1. The two company-owned units shown in this Table are owned by our Affiliate in Austin, Texas.

Table No. 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Mississippi	1	1	0
Texas	0	0	0
Total	1	1	0

List of Current Franchisees

Exhibit B provides a complete list of our franchisees as of December 31, 2024.

List of Terminated or Cancelled Franchisees

Exhibit B provides a list of any franchisees who were terminated, cancelled or not renewed or otherwise ceased to do business either voluntarily or involuntarily within the last fiscal year, nor who has not communicated with us within 10 weeks of this Disclosure Document Issuance date. If you buy this franchise, your contact information may be disclosed to other buyers during and when you leave the franchise system.

Additional Franchisee Information

During our last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict their ability to speak openly with you about their experience with us. We are not aware of any trade-specific Franchisee organizations associated with the System and no independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21 - FINANCIAL STATEMENTS

Attached as Exhibit A are our audited balance sheets as of December 31, 2024, and 2023 and the statements of operations, changes in members' equity, and cash flows for the years ended December 31, 2024, 2023, and 2022.

Our fiscal year ends December 31st.

ITEM 22 - CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document in the pages immediately following:

Franchise Agreement	Exhibit C
Area Development Agreement	Exhibit D
Letter of Intent	Exhibit G

ITEM 23 - RECEIPT

Two copies of a receipt of this disclosure document appear as the last two pages of this disclosure document. Please return one copy to us and retain the other for your records.

You should sign and date both copies of the receipt as of the date you received this disclosure document.

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT
FACE TO FACE FRANCHISING, LLC

FINANCIAL STATEMENTS

FACE TO FACE FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024 AND 2023



FACE TO FACE FRANCHISING, LLC

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Independent Auditor's Report

To the Member
Face to Face Franchising, LLC
Austin, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Face to Face Franchising, LLC which comprise the balance sheets as of December 31, 2024, and 2023, and the related statements of operations, changes in member's equity and cash flows for the years ended December 31, 2024, 2023 and 2022 and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Face to Face Franchising, LLC as of December 31, 2024, and 2023 and the results of its operations and cash flows for the years ended December 31, 2024, 2023 and 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Face to Face Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Face to Face Franchising, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood

that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Face to Face Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Face to Face Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

R. Reese CPA LLC

Ft. Collins, Colorado
August 4, 2025

FACE TO FACE FRANCHISING, LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2024	2023
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 496	\$ 5,902
Accounts receivable	32,117	20,679
Deferred contract acquisition cost, current	2,400	3,600
TOTAL CURRENT ASSETS	35,013	30,181
NON-CURRENT ASSETS		
Property and equipment	216	305
Franchise development costs	8,365	17,489
Deferred contract acquisition costs, long term	18,900	19,900
TOTAL ASSETS	\$ 62,494	\$ 67,875
LIABILITIES AND MEMBER'S (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 22,987	\$ -
Note payable		
Non-refundable deferred franchise fees, current	13,070	22,315
TOTAL CURRENT LIABILITIES	36,057	22,315
Non-refundable deferred franchise sales, long term	43,452	70,159
TOTAL LIABILITIES	79,509	92,474
MEMBER'S (DEFICIT)	(17,015)	(24,599)
TOTAL LIABILITIES AND MEMBER'S (DEFICIT)	\$ 62,494	\$ 67,875

The accompanying notes are an integral part of this financial statement.

FACE TO FACE FRANCHISING, LLC
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	2023	2022
REVENUES			
Franchise sales	\$ 99,702	\$ 47,096	\$ 20,950
Royalties fees	390,607	224,184	224,732
Advertising fund contributions	115,163	94,360	78,539
Technology fees and other revenue	99,952	60,332	53,954
TOTAL REVENUE	705,424	425,972	378,175
COST OF SALES	-	-	2,551
GROSS PROFIT	705,424	425,972	375,624
OPERATING EXPENSES			
General and administrative	201,991	152,491	137,679
Advertising fund costs	189,271	177,731	170,245
Payroll and related costs	155,181	94,217	16,266
Professional fees	95,783	67,135	57,081
Depreciation and amortization	9,213	9,213	9,176
TOTAL OPERATING EXPENSES	651,439	500,787	390,447
OPERATING INCOME (LOSS)	53,985	(74,815)	(14,823)
OTHER INCOME (EXPENSES)	(1,369)	6,812	
NET INCOME (LOSS)	\$ 52,616	\$ (68,003)	\$ (14,823)

The accompanying notes are an integral part of these financial statements.

FACE TO FACE FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBER'S (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	<u>Capital Contributions</u>	<u>Due from (to) Affiliates</u>	<u>Accumulated (Deficit)</u>	<u>Total</u>
BALANCE, DECEMBER 31, 2021	\$ 573,958	\$ (297,497)	\$ (323,064)	\$ (46,603)
Member contributions	60,437	-	-	60,437
Net change in affiliate balances	-	(10,872)	-	(10,872)
Member distributions	-	-	(21,560)	(21,560)
Net (loss)	-	-	(14,823)	(14,823)
BALANCE, DECEMBER 31, 2022	634,395	(308,369)	(359,447)	(33,421)
Member contributions	30,719	-	-	30,719
Net change in affiliate balances	-	90,070	-	90,070
Member distributions	-	-	(43,964)	(43,964)
Net (loss)	-	-	(68,003)	(68,003)
BALANCE, DECEMBER 31, 2023	665,114	(218,299)	(471,414)	(24,599)
Member contributions	35,608	-	-	35,608
Net change in affiliate balances	-	(20,428)	-	(20,428)
Member distributions	-	-	(60,212)	(60,212)
Net income	-	-	52,616	52,616
BALANCE, DECEMBER 31, 2024	<u>\$ 700,722</u>	<u>\$ (238,727)</u>	<u>\$ (479,010)</u>	<u>\$ (17,015)</u>

The accompanying notes are an integral part of these financial statements.

FACE TO FACE FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 52,616	\$ (68,003)	\$ (14,823)
Adjustments to reconcile net (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	9,213	9,213	9,176
Forgiveness of notes payable	-	(6,812)	-
Recognition of non-refundable deferred franchise fees	(58,265)	(21,746)	(20,950)
Recognition of deferred franchise acquisition costs	14,200	3,100	2,400
Changes in assets and liabilities:			
Accounts receivable	(11,438)	11,369	(24,122)
Deferred franchise acquisition costs	(12,000)	(12,000)	
Accounts payable	22,987		
Non-refundable deferred franchise sales	22,313	13,650	
Net cash provided (used) by operating activities	<u>39,626</u>	<u>(71,229)</u>	<u>(48,319)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	-	-	(446)
Net cash (used) by investing activities	<u>-</u>	<u>-</u>	<u>(446)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions	35,608	30,719	60,437
Due from (to) affiliates	(20,428)	90,070	(10,872)
Member distributions	(60,212)	(43,964)	(21,560)
Net cash provided (used) by financing activities	<u>(45,032)</u>	<u>76,825</u>	<u>28,005</u>
NET INCREASE (DECREASE) IN CASH	(5,406)	5,596	(20,760)
CASH, BEGINNING	<u>5,902</u>	<u>306</u>	<u>21,066</u>
CASH, ENDING	<u>\$ 496</u>	<u>\$ 5,902</u>	<u>\$ 306</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ 1,369	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

FACE TO FACE FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FACE TO FACE FRANCHISING, LLC, a Texas limited liability company (the “Company”), was formed on May 12, 2014 (“Inception”). The Company is a franchisor offering franchises with service marks “Face to Face Spa”, Face to Face Medi Spa”, “Face to Face” and other related logos to operate an upscale medi-spa focusing on medical grade facials and chemical exfoliation peels to promote skin care and health. Franchisees may choose to also offer Botox and filler services by purchasing the optional spa package.

The Company has one affiliate. Face to Face Spa, LLC (“FTFSL”) that operates one Face to Face Spa locations. FTFSL is the owner of the trademarks and has licensed all trademarks and proprietary property for a period of 99 years.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

Preparation of the Company's financial statement in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers’ receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of June 30, 2024, and 2023 and did not charge off any accounts receivable during the years ended June 30, 2024, 2023 and 2022.

Property, Plant & Equipment

Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally five to seven years).

FACE TO FACE FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The Company has established intangible assets for the cost of developing the franchise system.

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives (such as franchise development costs) are amortized over their estimated useful lives.

The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Franchise development and internal website costs are amortized using the straight-line method over a period of ten years. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Income Taxes

The Company has elected to be treated as a disregarded entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of the member and no provisions for federal or state income taxes have been recorded on the accompanying balance sheet and statement of operations.

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets

The Company recognizes revenues under the guidance of ASC 606, “Contracts with Customers”. The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation, and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The Company is using the practical expedient under the guidance of ASC 952-606 and is treating all pre-opening activities as distinct from the franchise license as defined in the next paragraph. The Company has determined that 65% of its initial franchise fee is allocable to the pre-opening obligations in the franchise contract. The remainder of performance obligations not related to the grant of the license represent a single performance obligation, and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years.

FACE TO FACE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets (continued)

When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”) for a specific period of time and in a specific territory. The license is symbolic intellectual property. Revenues related to the license are continuing royalties of 5% of gross sales, subject to a minimum royalty as defined in the franchise agreement. Royalty revenues are compensation for the use of the license in the territory, over the term of the contract, and will be used in part to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed weekly and are recognized as revenue when earned.

Franchise Acquisition Costs

Franchise acquisition costs consist of commissions paid on the sale of a franchise by the Company. They are capitalized as an incremental cost of the franchise agreement and are recognized as an expense over the life of the franchise agreement under the guidance of ASC 340-40, “Other Assets and Deferred Costs - Contracts with Customers”.

Marketing Fund Contribution

The Company has established a marketing fund to provide regional and national advertising for the benefit of the franchisees. The marketing fund fees are 1.5% of weekly gross sales and are billed weekly and are recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs expensed were \$0, \$0, and \$0 for the years ended December 31, 2024, 2023 and 2022, respectively.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents and accounts payable, the carrying amounts approximate fair value due to their short maturities.

Recently Issued and Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

FACE TO FACE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for unearned revenue and an asset for franchise acquisition costs associated with the performance obligations of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2024	2023
Franchise Acquisition Costs:		
Balance beginning of year	\$ 23,500	\$ 14,600
Deferral of franchise acquisition costs	12,000	12,000
Recognition of franchise acquisition costs	(14,200)	(3,100)
Balance at end of year	\$ 21,300	\$ 23,500
Deferred Non-refundable Franchise Fees:		
Balance beginning of year	\$ 92,474	\$ 100,570
Deferral of non-refundable franchise fees	22,313	13,650
Recognition of non-refundable franchise fees	(58,265)	(21,746)
Balance at end of year	\$ 56,522	\$ 92,474

Estimated Recognition of Deferred Franchise Fees

Estimated revenues and franchise acquisition costs to be recognized in future periods related to deferred franchise fees reported as of December 31, 2024, is as follows:

	Franchise Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2025	\$ 2,400	\$ 13,070
2026	2,400	8,196
2027	2,400	8,196
2028	2,400	8,196
2029	2,400	4,530
Thereafter	9,300	14,334
	\$ 21,300	\$ 56,522

FACE TO FACE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for years ending December 31, 2024, 2023 and 2022 is as follows:

	2024	2023	2022
Performance obligations satisfied at a point in time	\$ 647,159	\$ 404,226	\$ 357,225
Performance obligations satisfied by the passage of time	58,265	21,746	20,950
Total revenues	<u>\$ 705,424</u>	<u>\$ 425,972</u>	<u>\$ 378,175</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following at December 31:

	2024	2023
Furniture and equipment	\$ 2,138	\$ 2,138
Accumulated depreciation	(1,922)	(1,833)
	<u>\$ 216</u>	<u>\$ 305</u>

Depreciation expense was \$89, \$89, and \$52 for the years ended December 31, 2024, 2023 and 2022, respectively.

NOTE 4 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	2024	2023
Franchise development costs	\$ 91,241	\$ 91,241
Accumulated amortization	(82,876)	(73,752)
	<u>\$ 8,365</u>	<u>\$ 17,489</u>

Amortization expense was \$9,124, \$9,124, and \$9,124 for the years ended December 31, 2024, 2023 and 2022, respectively. Estimated amortization expense for the next succeeding year is expected to be \$8,365.

NOTE 5 – RELATED PARTY TRANSACTIONS

At various times, the Company has advanced funds to or paid expenses for its affiliate and at various times the affiliate has advanced funds and paid costs on behalf of the Company. As of December 31, 2024, and 2023 the Affiliate owed the Company \$238,727, and \$218,299, respectively. Advances are not collateralized, noninterest bearing and due on demand. The advances are reported as a component of members' (deficit) in the accompanying statement of member's (deficit) as the advances do not have stated repayment terms and the control of affiliate is the same control of the Company.

FACE TO FACE FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – NOTE PAYABLE

During 2021 the Company borrowed \$6,812 from the Small Business Administration (“SBA”) under the Paycheck Protection Program for COVID-19 relief. The note is payable in 60 monthly installments of \$117, including interest at bears interest at the rate of 1%. The Company has applied for forgiveness of the note from the SBA. The Company received notice of forgiveness of the note payable in January 2023, and the forgiveness is reported as other income in the accompanying Statement of Operations for the year ended December 31, 2023.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 8 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through August 14, 2025, the date on which the financial statements were available to be issued.

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT
FACE TO FACE FRANCHISING, LLC

LIST OF CURRENT AND FORMER FRANCHISEES

LIST OF CURRENT FRANCHISEES

Franchised Outlets Open As of December 31, 2024

Name	Address	Telephone Number
Ana Haces ¹	Face to Face Spa at West 6 th Street 1717 W. 6 th Street, Suite R-120 Austin, Texas 78703	(512) 809-3702
Krissi Schumacher	Face to Face Spa at Avery Ranch 14900 Avery Ranch Blvd., Suite C-100 Austin, Texas 78717	(210) 710-7996
Ana Cox and Brandon Cox	Face to Face Spa at Bee Cave 12815 Shops Pkwy., Suite 150 Bee Cave, Texas 78738	(512) 579-1764 (817) 219-7853
David and Rania Eysie	Face to Face Spa at Towne Lake 18121 Tuckerton Road, Suite 110 Cypress, Texas 77433	(832) 928-2484 (932) 726-0979
Shannon and Rusty Becker	Face to Face Spa at Dripping Springs 2690 Hwy 290 East Dripping Springs, Texas 78620	(512) 934-3553
Katie and Zoom Tong	Face to Face Spa at Cinco Ranch 27131 Cinco Ranch Blvd., Suite 750 Katy, Texas 77494	(281) 795-9802 (346) 263-4091
David and Rania Eysie	Face to Face Spa at The Woodlands 4775 West Panther Creek Drive, Suite 220B The Woodlands, Texas 77381	(832) 928-2484 (932) 726-0979
Meagan Ricketti	Face to Face Spa at Promenade at Crocker 30171 Detroit Road Westlake, Ohio 44145	(216) 832-1945

Franchise Agreement Signed But Outlet Not Opened As of December 31, 2024

Name	Address	Telephone Number
Nikita Desai and Depali Patel	Face to Face Spa at Southaven 35 Goodman Road W, Suite F Southaven, Mississippi 38671	(256) 651-0140 (305) 332-3182

LIST OF FORMER FRANCHISEES

The following are franchisees who have been terminated, canceled, not renewed, or have otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the date of issuance of this disclosure document.

Transferred to new Franchisees:

FRANCHISEE	CITY/STATE	TELEPHONE
Shelley McGahey	Austin, Texas	(512) 618-0838
Ana Haces	Bee Cave, Texas	(512) 809-3702

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

EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT
FACE TO FACE FRANCHISING, LLC
FRANCHISE AGREEMENT



By and Between

FACE TO FACE FRANCHISING, LLC, FRANCHISOR

and

_____, **FRANCHISEE**

FRANCHISE AGREEMENT

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EXHIBITS

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 Non-Disclosure and Non-Competition Agreement
 Guaranty and Assumption of Obligations
 Holders of Legal or Beneficial Interest
 Multi-State Addendums
 Trademarks
 ACH Withdrawals Form
 Telephone Number Assignment Agreement and Power of Attorney
 Credit and Security Agreement
 Lease Addendum

FRANCHISE AGREEMENT

This Franchise Agreement made this ____ day of _____, 20____, is by and between Face To Face Franchising, LLC, a Texas Limited Liability Company, having its principal place of business at 3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746, (“Franchisor”), (hereinafter also known as “we” “us” “Face to Face”) and _____, a _____ Corporation or Limited Liability Company and whose principal address is _____ (“Franchisee”).

WHEREAS, Franchisor and its Affiliate have developed, and are in the process of further developing, a System identified by the trademark “Face To Face Spa” and relating to the establishment and operation of franchised businesses operating in the facial skincare and spa services industry, and

WHEREAS, Franchisor has developed a business plan and method of establishing and conducting the Business and operating Businesses emphasizing prompt and courteous service in a friendly and helpful atmosphere which is intended to be attractive to patrons and utilizing certain standards, specifications, methods, procedures, techniques, management techniques, proprietary marks, commercial symbols, trade dress and other proprietary or confidential information, as they may be improved, and further developed from time to time hereafter by Franchisor (the “System”); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, the trade names, trademarks, and service marks and associated logos and symbols set forth on Exhibit 6 attached hereto and made a part hereof by reference, and such other marks as Franchisor may develop from time to time hereafter and designate for use in connection with the System (the “Marks”); the trade dress of the Business; signage, decorations, equipment, furnishings and materials; the Confidential Operations Manual; uniform operating methods, procedures and techniques; methods and techniques for inventory and cost controls, record keeping, reporting, personnel management, and purchasing (all of which may be improved and further developed by Franchisor from time to time); all such Marks and other distinguishing characteristics being owned by Franchisor; and

WHEREAS, Franchisor grants to qualified persons and business entities who meet Franchisor’s minimum standards for character, skill, aptitude, attitude, business ability and financial capacity, the right to own and operate a Face to Face Spa offering the products and services Franchisor authorizes and using Franchisor’s System, business formats, methods, procedures, signs, designs, layouts, standards, specifications, products and Marks (the “System”); and

WHEREAS, Franchisee desires to operate a Face to Face Spa, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee acknowledges that it is essential to the maintenance of the high standards of the System, and to the preservation of the integrity of the System and the Marks and goodwill of Franchisor, that each franchisee in the System maintain and adhere to certain standards, procedures and policies hereinafter described, and operate the Franchise Business in strict conformity with Franchisor’s standards and specifications; and

WHEREAS, Franchisor has, and continues to develop, use, protect, and control the Marks for the benefit and exclusive use of itself and its franchisees in order to identify for the public the source of the products and/or services marketed under the System and to represent the System’s high standards of quality; and

WHEREAS, the establishment and maintenance of a close working relationship with Franchisee and Franchisee’s adherence to the tenants of Franchisor’s System constitute the essence of this Franchise; and

WHEREAS, Franchisee desires, upon the terms and conditions set forth herein, to enjoy the benefits of operating under the System and of using the Marks and to be licensed to operate a Business in strict accordance with the standards and specifications of the System (the “Franchise Business”); and

WHEREAS, Franchisee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of its own choosing; and

WHEREAS, Franchisor is willing to grant Franchisee a license under the System and the Marks to operate a Face to Face Spa, subject to Franchisee’s strict compliance with the terms and conditions of this Agreement and in reliance upon Franchisee’s representations made in this Agreement and in Franchisee’s application to become a franchisee under the System.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

“Affiliate” means any business entity that controls, is controlled by, is contracted with or is under common control with Franchisor;

“Agreement” means this agreement entitled “Face To Face Franchising, LLC Franchise Agreement” and all instruments supplemental hereto or in amendment, exhibit or confirmation hereof;

“Accepted Location” means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

“Approved Supplier(s)” means only those companies, and vendors who provide the services, product items, supplies, signs, equipment and other items and services Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor’s specifications and quality standards. Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of Approved Suppliers. Further description and requirements can be found in the terms contained in Section 13.1;

“Competitive Business” means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) esthetician, facials, spa, medi spa, microdermabrasion, chemical peels, micro-needling, dermaplaning, PRP (plasma rich protein) services, lip fillers, and/or botulinum toxin injectables/botox services or retail products the same as or similar to those provided by Face to Face™ Spas or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees or any business which grants franchises or licenses to others to operate such a business, other than a Face to Face Spa operated under a franchise agreement with Franchisor; provided, however, that the term “Competitive Business” shall not apply to (a) any business operated by Franchisee under a franchise agreement with Franchisor, (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest, (c) or any business operated by Franchisee or its Affiliate(s) that has been disclosed, in writing, to Franchisor prior to the Effective Date of this Agreement;

“Confidential Information” means medical, technical and non-technical information used in or related to Face to Face Spas and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information established by documentary evidence that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential

Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

“Cooperative Advertising” means the combined advertising program of two (2) or more franchisees established within a common market for Face to Face Spas within a particular region;

“Covered Person” means (i) the individual executing this Agreement as Franchisee; (ii) each officer, director, shareholder, member manager, trustee, or general partner of Franchisee and each Franchisee Affiliate if Franchisee is a Business entity; and (iii) the spouse, adult children, parents or siblings of the individuals included in (i) and (ii). Covered Person shall mean an individual who falls within the identified categories where on the Effective Date or later during the Term of this Agreement, and all successive Renewal Agreements;

“Crisis Management Event” means any event that occurs at or about the Face to Face Spa premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as an adverse client reaction to a product purchased at the Spa or a treatment received at the Spa, contagious diseases, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

“Customer(s)” means Franchisee’s patients within the Franchised Business, as applicable;

“Designated Owner” means the person designated in writing by Franchisee and approved in writing by Franchisor who has primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Owner shall be the Franchisee;

“Effective Date” means the date set forth in the introductory paragraph of this Agreement which commences this Agreement’s effectiveness and term;

“Electronic Depository Transfer Account” means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

“Former Franchisee” means any Face to Face Franchisee’s that have been terminated or whose Franchise Agreements have expired naturally under the terms of those Franchise Agreements.

“Franchise” means the right granted to Franchisee by Franchisor to use the System and the Marks, while not in Default;

“Franchise Fee” means upon execution of this Agreement, unless otherwise stated in the State Addendum attached, Franchisee shall pay the balance of nonrecurring and nonrefundable fee of \$39,000, for the Training and use of the Confidential Information, payable in United States currency to Franchisor at Franchisor’s principal office. Additional terms are contained in Section 3.1;

“Franchised Business” means the Face to Face Spa to be established and operated by Franchisee pursuant to this Agreement;

“Franchisee” means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement;

“Franchisor” means Face To Face Franchising, LLC;

“Franchisor Indemnitees” means Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and/or any corporate parent, any corporate subsidiaries, affiliates, successors, assigns, and designees of either entity and their respective directors, officers, employees, agents, shareholders, designees, and representatives of each, members, partners, owners, employees, trainers, agents, successors and assigns as further discussed in Section 21.3;

“Opening Advertising” has the meaning given to such term in Section 11.1;

“Gross Revenue” means the aggregate of all income and monthly memberships Franchisee receives from Customers for the purchase or provision of any goods or services, or any other person or business entity for the Franchised Business in connection with the Franchised Business (whether or not in accordance with the terms of the Franchise Agreement) and whether for check, cash, credit or otherwise, from the sale of products and services (including service charges in lieu of gratuity) regardless of the dollar amount Franchisee sells each product for, including, without limitation, all gratuities, income from gift cards, fees received from any website such as groupon.com and spafinder.com, and all proceeds from any business interruption insurance, but excluding (a) all insurance payments, check, cash, credit or debit card refunds made in good faith provided, prior to granting the refunds, the revenue related to the refunds was included in Gross Revenue, (b) any sales and equivalent taxes that Franchisee collects for or on behalf of and pay to any governmental taxing authority, and (c) any rebate Franchisee receives from a manufacturer or supplier.

“Gross Revenue Reports” has the meaning given to such term in Section 12.2;

“Incapacity” means the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

“Internet” means any one (1) or more local or global interactive communications media that is now available, or that may become available, including, but not limited to, sites and domain names on the World Wide Web (1) and (2);

“Local Advertising” means the services required to fulfill franchisee’s Local Marketing Support through Franchisee’s own effort. Marketing methods utilized may include but not be limited to those contained within the Manual, and approved advertising materials such as newspaper ads, direct mail, coupon direct mail coops, print media and business to business marketing efforts within Franchisees Territory. Requirements for Local Advertising are further discussed in Section 11.1;

“Manual” means the Face to Face Operations Manual(s), whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, Intranet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

“Marks” means Face to Face™ trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with Face to Face Spas, whether or not registered or recognized by the U.S. Patent and Trademark Office, or any other Agency no matter where located. Registered Marks are shown on Exhibit 6 attached hereto;

“Territory” has the meaning given to such term in Section 2.5;

“Royalty Fee” means paying Franchisor Six Percent (6%) of Gross Revenue by ACH from the Electronic Depository Transfer Account, for the previous week ending the last full day of the preceding week, pursuant to the terms in Section 3.2;

“Social Media” means online content created by individuals and/or entities using highly accessible and scalable publishing technologies through their desktop computer, laptop computer, smart phones, mobile phone or by other means available in the future. Social Media allows individuals and/or entities to connect in the online world to form relationships for personal and business use. The definition of Social Media includes user-generated content and consumer-generated media. Social Media occurs in many different forms, including, but not limited to, Internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos. Technologies for Social Media include, but are not limited to: blogs, picture-sharing,

vlogs, wall-postings, e-mail, instant messaging, music-sharing, crowdsourcing, and geocaching, voice over IP, to name a few. Some examples of Social Media sites and/or applications are Google Groups (reference, social networking), Wikipedia (reference), Snapchat (picture sharing), Instagram (picture sharing), Pinterest (social file sharing), Facebook (social networking), MouthShut.com and yelp.com (product reviews), Youmeo (social network aggregation), YouTube (social networking and video sharing), Avatars United (social networking), Second Life (virtual reality), FourSquare (geocaching), Flickr (photo sharing), X (social networking and microblogging), LinkedIn (business social media), Open Diary (blogging) and other microblogs such as X and Jaiku, among others. This list is not inclusive and shall mean all Social Media available now and created in the future;

“**System**” means the trade dress, uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of Face to Face Spas;

“**Termination Date**” also known as Date of Termination, means the date when the Franchisee no longer has time to cure any Defaults under this Agreement, pursuant to Article 16;

“**Trade Secrets**” means information in any form (including, but not limited to, technical or non-technical data, know-how, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Face to Face™ Businesses that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy;

“**Transferee**” means the individual or entity third party buyer, who purchases this Franchise Agreement if the Franchisee chooses to sell, and the Franchisor approves such Transferee.

ARTICLE 2 - GRANT OF FRANCHISE

Section 2.1 Grant of Franchise

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) Face to Face Spa using the System and Marks within the approved Territory.

Section 2.2 Location of Your Face to Face Spa

Subject to all of the terms and conditions herein, Franchisor grants to Franchisee the right and license to operate a Face to Face Spa using the System and the Marks solely within the Territory described in Section 2.5 (the “Location”), which Location must be accepted by Franchisor according to its then-current criteria. **The parties acknowledge and agree that Franchisor’s acceptance of any proposed location is not an assurance that the Franchised Business will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Franchisor’s minimum criteria for Face to Face Spa Franchised Businesses.**

Section 2.3 Accepted Location Not Determined

If the Accepted Location of the Franchised Business is not determined as of the Effective Date, then Franchisee shall have thirty (30) days to select a territory for Franchisor’s final acceptance. If Franchisee receives a denial from Franchisor, Franchisee must submit a new location until accepted. When the Accepted Location is determined, its description shall be inserted into Section 2.5. Subject to other provisions of the Agreement, the failure to insert such description shall not automatically affect the enforceability of this Agreement.

Section 2.4 Sub-franchising/ Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity to perform any part of Franchisee’s rights or obligations licensed herein, or to grant any person or entity the right to act as Franchisee’s agent to perform any part of Franchisee’s rights or obligations herein.

Section 2.5 The Territory

So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor’s reservation of rights set forth in Section 2.6, Franchisor shall grant to Franchisee a territory, as defined below, and except as expressly provided for herein, neither Franchisor nor any Affiliate will establish, or grant rights to other persons to establish another Face to Face Spa the physical premises of which are located within the Territory.

Franchisee is being granted a territory which is described as

Franchisee is restricted from soliciting or advertising outside of Franchisee’s Territory, including Franchisee may not advertise on the Internet without our prior written consent. Franchisor cannot change the geographic parameters of Franchisee’s Territory without Franchisee’s consent.

Section 2.6 Franchisor’s Reservation of Rights

Except to the extent provided in Section 2.2, Franchisor retains all of its rights and control with respect to the System and Marks, including the right to:

- i. Establish, own or operate, or continue to own or operate, and license others to establish, own or operate, or continue to own or operate, Face to Face Spas outside of the Territory;
- ii. Establish, own or operate, and license others to establish, own or operate, or continue to own or operate, other businesses, including Competitive Businesses, using other trademarks at locations inside and outside of the Territory;
- iii. Purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s).
- iv. Be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Territory;
- v. Provide the services and sell any products authorized for Face to Face Spas using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, chain department stores, or other non-physician-present locations, Internet sales and catalog sales; and
- vi. Engage in any activities not expressly forbidden by this Agreement.

Section 2.7 Diligence and Best Efforts

Franchisee shall diligently and fully exploit the rights in this Agreement by personally devoting best efforts, and in case more than one (1) individual has executed this Franchise Agreement as a Franchisee, the individual so designated in this Agreement shall personally devote best efforts towards the operation of the Franchise Business, or provide for full time management, trained and approved by the Franchisor, to manage the Business. The continued right of Franchisee's Designated Territory does depend on Franchisee's market penetration and customer ratings. Franchisee shall be required to realize a minimum of Two-hundred and fifty thousand dollars (\$250,000.00) in Gross Revenue each calendar year. Franchisee must also at all times maintain a minimum customer satisfaction rating as calculated based on the customer rating scale developed by Franchisor and communicated to Franchisee. If Franchisee fails to reach or surpass the minimum customer satisfaction rating, it will be grounds for a Notice of Default with a thirty (30) day right to cure.

ARTICLE 3 - FEES

Section 3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay the balance of the Franchise Fee. Any deposit amount previously paid will be credited towards the Franchise Fee balance first. The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Articles 5, 8 and 16. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

Section 3.2 Weekly Royalty Fee

For so long as this Agreement shall be in effect, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, weekly Royalty Fees for the previous week ending the last full day of the preceding week due to Franchisor; provided, however, that Franchisor reserves the right to modify the frequency of Royalty Fee payments on notice to Franchisee. Each Royalty Fee shall follow a Gross Revenue Report, as required by Section 12.2, for the same period. Franchisor requires Franchisee to pay Royalty Fees through ACH transfer from Electronic Depository Transfer Account, as set forth in Section 3.5, thus such reports shall be submitted to Franchisor via facsimile transmission, e-mail or intranet system.

Section 3.3 Marketing Fee

You must pay to us a marketing fee (the "**Marketing Fee**") equal to 2% of Gross Revenue. In consideration for the Marketing Fee, we will provide such advertising, marketing, and promotional services as we deem appropriate. We may collect the marketing fee on such periodic basis as we specify, such as weekly, monthly, or otherwise.

Section 3.4 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, use taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor herein and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, if any taxing authority imposes such taxes on Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

Franchisee will promptly pay, when due, all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness incurred in the conduct of Franchisee's Face to Face Spa. Franchisee agrees it will not permit a tax sale or seizure

by levy or execution or similar writ or warrant or attachment by a creditor to occur against the location or any asset used in Franchisee's Face to Face Spa.

Section 3.5 Electronic Transfer

Franchisor requires all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor, if applicable, to be paid, at the sole discretion of Franchisor, either (a) through an Electronic Depository Transfer Account or (b) by Franchisee electronically transferring to Franchisor any funds due Franchisor. Within thirty days after successfully completing training, Franchisee shall open and maintain an Electronic Depository Transfer Account, also known as the ACH account, and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor, by signing and returning the ACH Withdrawal Form attached as Exhibit 7, or as otherwise requested by Franchisor. Franchisee will give its financial institution instructions, in a form Franchisor provides or approves, and will obtain the financial institutions agreement to follow these instructions. Franchisee will provide Franchisor with copies of these instructions and agreements. The financial institution's agreement may not be withdrawn or modified without Franchisor's written approval which approval is within Franchisor's sole discretion. Franchisee will also sign all other forms for fund transfers as Franchisor or the financial institution may request.

Franchisor may require Franchisee's financial institution to send a monthly statement of all activity in the designated account to Franchisor at the same time it sends statements to the Franchisee. Franchisor may further require Franchisee's financial institution to send any other reports of activity in the Franchisee's Operating Account to Franchisor as Franchisor reasonably determines and requests. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account.

If Franchisee maintains any other bank accounts for its Face to Face Spa, Franchisee must identify these accounts to Franchisor and provide Franchisor copies of the monthly statements for all of these accounts and the details of all deposits and withdrawals to those accounts along with access to those accounts as set forth in the above paragraphs. Regardless of the number of bank accounts, Franchisee will grant to Franchisor all ACH and other rights granted to Franchisor in this Section 3.5.

Section 3.6 Intranet; Software; Technology Fee

Franchisor requires Franchisee to purchase, install, and use Franchisor's designated computer systems including all hardware, software, and applications related to the operation of the Franchised Business. Franchisee will be responsible for any ongoing upgrades or updates to the computer and software packages after installation.

Franchisee shall: (1) use only those proprietary and/or third party software programs, as may be developed and/or prescribed by Franchisor, including system documentation manuals and other proprietary materials now and hereafter developed by Franchisor or such other third parties, in connection with the operation of the Business; (2) execute Franchisor's or third party's standard software license agreement; (3) input and maintain in Franchisee's computer such data and information as Franchisor prescribes in the Manuals, software programs, documentation or otherwise; and (4) purchase new, different or upgraded software programs, system documentation manuals and other proprietary materials at then-current prices (except as provided in this Section), whenever Franchisor adopts such new, different or upgraded programs, Manuals and materials system-wide; provided that, Franchisee shall be notified of the required purchase no less than thirty (30) days before Franchisee is required to implement the program.

If the Franchisor elects to implement certain technology or software solutions or uses for or in connection with the operation of the Franchised Business and requires you to purchase, install, and/or use the same, Franchisor may elect to act as the agent for collection on behalf of such technology and software providers and to remit to the parties to whom the amounts are owed the amounts collected (the "**Technology Fee**"). Franchisor reserves the right to collect and remit payments to any such technology or software

vendors (including for Franchisor or its affiliate's benefit for any re-licensed software or proprietary technology developed) and Franchisor may impose an administrative fee of up to 10% of the amount paid on Franchisee's behalf as an administrative fee, that is part of the Technology Fee, to compensate the Franchisor for the collection and payment services provided. At any time, Franchisor may discontinue the collection of any or all of the third party technology fees and require that Franchisee pay them directly to such third party vendor.

Franchisor has the right to independently access all information collected or compiled by or in accordance with Franchisee's use of any of the software at any time without first notifying Franchisee. Franchisee must update or upgrade computer hardware and software as Franchisor deems necessary. Franchisor does require Franchisee to enter into software maintenance agreements with Franchisor's preferred and approved vendors, as described and outlined in the Manual, for current or future required software. There is no contractual limitation on the Franchisor's right to use the information collected.

Franchisor requires that Franchisee have a business telephone, three (3) telephone lines, facsimile and phone service. Franchisee shall pay third party providers for phone service and systems.

Section 3.7 Late Fees and Administrative Fees

Although each failure to pay monies when due is an event of Default, to encourage prompt payment and to cover the costs involved in processing late payments, if any payment under this Agreement or any other agreement between Franchisee and Franchisor for Franchisee's Face to Face Spa is overdue for any reason, Franchisee must pay to Franchisor, in addition to the overdue amount, pay a late fee of \$100 per week.

Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and collection fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

In addition to the above late fees and declaration of an event of default, any payments made by Franchisee that are returned for insufficient funds shall incur the same additional charge as that of late fees.

In addition, although each failure to submit required reports under this Agreement is also an event of Default, to encourage prompt submission of such reports, and to cover the administrative cost of pursuing and processing delayed report submissions, if any report under this Agreement, the Manuals or any other agreement between Franchisee and Franchisor for Franchisee's Face to Face Spa is overdue for any reason, Franchisee must pay to Franchisor an Administrative Fee of \$250 per occurrence.

The term "per occurrence" as used in this Section means each applicable period as to both late fees and Administrative Fees. By way of illustration only, if Franchisee fails to pay, in part or in full, a monthly fee by the monthly due date, each month thereafter the payment is delayed is each an occurrence for which a separate late fee is assessed and due.

Section 3.8 Application of Payments

No payment by Franchisee or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Any endorsement, statement or communication by Franchisee to the effect that Franchisee's payment of a lesser amount than due constitutes full payment shall be given no effect and Franchisor may accept the partial payment without prejudice to any rights or remedies it may have against Franchisee. Franchisor's acceptance of payments by Franchisee other than as set forth in this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement. Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions,

purchases from Franchisor or its Affiliates, or any other amount owed to Franchisor in any proportion or priority. Franchisor's acceptance of payment from any entity other than the named Franchisee shall be deemed to be payment by the named Franchisee and shall not be deemed to be recognition or substitution of the paying entity for the named Franchisee.

Section 3.9 No Withholding

Franchisee agrees that under no circumstances will Franchisee withhold or suspend payment of, or reduce the amount of the Royalty Fee, Marketing Fund Contributions or purchases payable under this Agreement. Notwithstanding the foregoing, if you dispute in good faith the amount of an individual payment due under this Agreement, you may pay only the amount you believe is due, provided that you give us prompt notice of the reasons you dispute the amount of the payment and proceed to make good faith efforts to resolve the dispute.

ARTICLE 4 - TERM OF AGREEMENT AND RENEWAL

Section 4.1 Initial Term

This Agreement shall take effect as of the date of the execution hereof (the "Effective Date"), and the initial term ("Initial Term") hereof shall extend until the earlier of (1) the date that is precisely ten (10) years from the Effective Date, or (2) the date on which this Agreement terminates pursuant to Section 16 hereof.

Section 4.2 Renewal

Subject to the conditions below, Franchisor may grant to Franchisee, at the expiration of the term of this Agreement, up to two (2) successive successor franchises for five (5) year terms each, at Franchisor's sole discretion. Franchisor may condition, such successor franchise rights on all of the following:

- i. Franchisee shall give Franchisor written notice of its desire for Franchisor to extend to Franchisee the right to a successor franchise not less than ninety (90) days prior to the end of the Initial Term;
- ii. At least two hundred and seventy (270) days prior to the expiration of the Initial Term, Franchisor shall inspect the Location open to the public and give notice of all required maintenance, refurbishing, renovating, and remodeling and Franchisee shall agree to complete at its expense and to Franchisor's satisfaction, all maintenance, refurbishing, renovating, and remodeling required by Franchisor's notice, no later than thirty (30) days after expiration of the Initial Term;
- iii. Franchisee shall not be in material default of any provision of this Agreement, or any amendment hereof, and shall at all times have substantially complied with all the terms and conditions of this Agreement during the term hereof or fully cured all Noticed Default(s);
- iv. Franchisee shall have satisfied all monetary obligations owed to Franchisor and its subsidiaries and affiliates and shall have timely met such obligations throughout the Initial Term;
- v. Not less than thirty (30) days prior to the expiration of the Initial Term, Franchisee shall execute a Franchise Agreement then being used by Franchisor, which agreement shall supersede this Agreement, and the terms of which may be materially different than the terms of, and likely will differ from, this Agreement and may reflect, among other things, different royalty fees and advertising obligations;
- vi. Franchisee shall comply with Franchisor's then-current criteria for operation of a Face to Face Spa;

- vii. Franchisee pays to Franchisor a Renewal Fee equal to Twenty-five Percent (25%) of the then-current Franchise Fee;
- viii. Both parties shall execute a general release of all claims against each other which accrued or may have accrued during the Term, whether or not such claim had yet been discovered by the parties; and
- ix. Franchisee shall present evidence satisfactory to Franchisor that it has the right to remain in possession of the Location or another suitable location approved by Franchisor according to its then-current criteria for the duration of the Option Term.

If Franchisor chooses not to permit you to remain a franchisee for the Option Term, it shall have the right to unilaterally extend the then-current term of this Agreement as necessary to comply with applicable laws.

ARTICLE 5 - APPROVED LOCATION

Section 5.1 Selection of Site

Franchisee shall promptly select a site for the Face to Face Spa and shall notify Franchisor of such selection, by submitting the Site Selection form with all supporting data and attachments as described in the Manual. If Franchisor accepts such selection, the site shall be designated as the Accepted Location. If Franchisor does not accept such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor accepts a site for the Franchised Business. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Accepted Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation: the condition of the premises; demographics of the surrounding area; proximity to major roads; available parking; amenable landlord to the required lease addendum, and overall suitability. Franchisor shall notify Franchisee of its acceptance or denial of a proposed site within thirty (30) days after Franchisor receives all requested information from Franchisee. If the Franchisor fails to respond in writing to the Selection of Site request within thirty (30) days, the site is deemed denied.

Franchisor does not represent that it, or any of its Affiliates, owners or employees, have special expertise in selecting sites. Neither Franchisor's assistance nor its approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Accepted Location. Franchisee is solely responsible for identifying the Accepted Location and assumes all risks with respect to the selection of the Accepted Location.

Section 5.2 Lease of Accepted Location

After the designation of the Accepted Location (and if the site is to be leased or purchased), Franchisee shall execute a lease for, or a binding agreement to purchase, the Accepted Location, the terms of which must have been previously approved by Franchisor in writing, and must contain the Lease Addendum, known as the Collateral Assignment Of Lease, attached as Exhibit 10. Franchisor shall not unreasonably withhold its approval. Franchisee must execute a lease or purchase agreement and secure the Accepted Location for the development of the Franchised Business no later than 180 days from the Effective Date of this Agreement.

Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Accepted Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement.

Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all

actions necessary to keep the lease, if any, of the Accepted Location in full force while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default of this Agreement and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Accepted Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard Collateral Assignment of Lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon Franchisee's and Landlords execution of the Lease Addendum attached as Exhibit 10 hereto.

Section 5.3 Development of Accepted Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, copies of standard plans, but not blueprints, for the development of a Face to Face Spa, including exterior and interior design and layout, fixtures, equipment, décor and signs, if a build-out is required at the Accepted Location. Such standard plans and specifications as well as Franchisee's particular plans and specifications are subject to alteration as Franchisor deems necessary, or as Franchisee's local or state law requires. Any modification required to conform the pre-approved plans in the Manual, to fit Franchisee's chosen location, shall be at the sole expense of Franchisee. Franchisee shall cause the Accepted Location to be developed, equipped and improved in accordance with such plans, fully staffed with trained employees, and open for business within 180 days after Franchisee has secured the site for the development of the Franchised Business, but no later than 360 days from the Effective Date of this Agreement. In connection with the development of the Accepted Location, Franchisee shall:

- i. employ an approved competent licensed architect or engineer;
- ii. obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations;
- iii. obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;
- iv. employ a qualified, licensed general contractor to complete construction of all required improvements to the Accepted Location;
- v. purchase any supplies or inventory, necessary for the operation of the Franchised Business;
- vi. purchase and install all equipment, signs, furniture and fixtures, including any computer equipment and POS systems, required for the operation of the Franchised Business from Approved Suppliers;
- vii. install outdoor signage in compliance with Franchisor's then current specifications, which Franchisor may modify from time to time;
- viii. provide a monthly written report to Franchisor, on Franchisor's prescribed form, describing the activities begun, completed and, if not completed, the percentage completed in connection with the development of the Accepted Location; and
- ix. establish a persistent broadband with a high speed internet and communications network and obtain a designated number of telephone numbers solely dedicated to the Franchised Business.

If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent, provided such request for extension is provided to Franchisor in writing at 120 days after the Effective Date.

Section 5.4 Failure to Develop Accepted Location

Should Franchisee fail to develop the Accepted Location for the Franchised Business pursuant to Section 5.3, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.4, Franchisee shall receive no refund of the Franchise Fee paid by Franchisee. Additionally, Franchisee shall execute a general release, the same as or similar to the General Release attached as Exhibit 1; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law.

Section 5.5 Opening

Before opening the Franchised Business and commencing business, Franchisee must:

- i. fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5.5;
- ii. furnish Franchisor with copies of all insurance policies required by this Agreement and by the lease (if the Accepted Location is leased), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;
- iii. complete pre-training and the initial training to the satisfaction of Franchisor as more fully described in Section 8.1;
- iv. hire and train the personnel necessary or required for the operation of the Franchised Business;
- v. obtain all necessary permits and licenses;
- vi. purchase all Grand Opening supplies not purchased pursuant to Section 5.3, as stated in Section 8.2;
- vii. if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and
- viii. pay in full all amounts due to Franchisor, or execute the Promissory Note if applicable for any amounts due Franchisor.

Franchisee must have complied with these conditions and be prepared to open and continuously operate the Franchised Business within 360 days after the Effective Date. Time is of the essence. This deadline may only be extended by written agreement of the Franchisor on Franchisor's grant of an extension whether to Franchisee's deadline to secure a location for the Spa or to open for business.

Section 5.6 Use of Accepted Location

Franchisee shall not use the Accepted Location for any purpose other than for the operation of a Face to Face Spa in full compliance with this Agreement and the Manual, without the prior written consent of Franchisor. Franchisee shall not agree to, or cause, any material modification of the Accepted Location without Franchisor's prior written consent.

Section 5.7 Relocation

Franchisee shall not relocate the Face to Face Spa without the prior written consent of Franchisor. If the lease for the Accepted Location expires or terminates through no fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may allow Franchisee to relocate

the Face to Face Spa within the Territory. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections through 5.5 with the timeframes set forth therein, modified in the sole discretion of the Franchisor, to reflect the new circumstances. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If no relocation site meets with Franchisor's approval, this Agreement shall terminate as provided in Section 16.4.

ARTICLE 6 - PROPRIETARY MARKS

Section 6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor including those set forth in the Manual. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

Section 6.2 Limitations on Use

Franchisee must use the Marks as the sole trade identification of the Franchised Business. Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give advanced written notice to Franchisor before filing applications for trademark and/or service mark registrations. Franchisee shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, e-mail signatures, business cards and other such identification, and shall display at the Accepted Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated Face to Face Franchisee".

Franchisor has the sole right to maintain Social Media sites and/or applications including, but not limited to: X, Pinterest, Facebook, LinkedIn, Instagram, Snapchat, Yelp, Google, Foursquare, and other sites or applications that Franchisor may establish. Franchisor does not allow Franchisee to establish or utilize Social Media sites or applications for business purposes. Franchisor has the right, but not the obligation, to establish and own any and all Social Media sites on behalf of Franchisee and grant Franchisee authority to manage said Social Media sites. If Franchisee is granted authority to manage any Social Media sites, all material distributed through said sites must be approved by Franchisor prior to distribution. Franchisee and Franchisee's employees do not have the right to utilize the Marks on any Social Media sites and/or applications, even if made from a personal Social Media account. Further, any representations from Franchisee or Franchisee's employees regarding Franchisee's profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under this Franchise Agreement.

Section 6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any settlement, litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

Section 6.4 Indemnification for Use of Marks

Franchisor has the right, but not the obligation, to indemnify Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, or to assume any such proceeding or dispute to resolve the same in its discretion. Franchisee agrees to be a witness in any legal proceeding if Franchisor or its counsel deems it advisable or necessary. At Franchisor's option, Franchisor or its designee may defend and control the defense and settlement of any proceeding arising directly from Franchisee's use of any Mark.

Section 6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within thirty (30) days after notice to Franchisee by Franchisor and subject to the limitations in Section 13.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified, additional or substitute Mark.

Section 6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed herein, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Accepted Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business, to interview and survey customers, and employees by any means it chooses. If, as part of the inspection process, Franchisor or its designees receives a spa service at Franchisee's location, such service will be at Franchisee's expense. Additionally, if Franchisor establishes a secret shopper program, Franchisee is required to participate and pay the associated fees and costs as designated by Franchisor.

Section 6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Mark or the words "Face to Face Spa" or any variation thereof without Franchisor's prior written approval.

ARTICLE 7 - TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

Section 7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges Franchisor owns copyrights in the Manual, Franchisor's website (but not the domain names referred to above), and other copyrightable items that are part of the System. Franchisee acknowledges that while Franchisor claims copyrights in these and similar items, Franchisor has not registered, and is not required to register these copyrights with the United States Registrar of Copyrights. Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee and any Covered Person: (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents, representatives and Covered Persons, and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them. Franchisee shall only divulge Trade Secrets or other Confidential Information to individuals who must have access to it in order to operate the Franchised Business, and shall follow the requirements of Section 7.4 in doing so.

Franchisor claims common law rights, copyright protection and trade dress for the Manual, facial and service protocols, guidelines, photographs, product names, signage, promotional materials, training materials, this Agreement and Area Development Agreements, and any other documents, materials and items for the general ambiance and decor used in the operation of the System and the Face to Face™ Businesses. All information is proprietary and this Agreement requires Franchisee to keep such information confidential. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right or interest in Franchisor's common law rights, copyrights, trade dress, Trade Secrets, Confidential Information, the System, methods, procedures or any other intellectual property rights that are part of Franchisor's System or contest Franchisor's sole right to register, use or license others to use, except as limited by this Agreement, the common law rights, copyrights, trade dress, Trade Secrets, Confidential Information, System, methods, procedures or any other intellectual property rights that are a part of Franchisor's System.

Section 7.2 Additional Developments

All ideas, concepts, know-how, techniques, advertising or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, or other Covered Persons, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees. Further, any advertising materials Franchisee submits to Franchisor for review will become Franchisor's property, and Franchisor may use or distribute those materials in any manner Franchisor deems appropriate, without compensation to Franchisee. Franchisor has the right to incorporate such items into the System and/or disclose them to other franchisees and other persons or entities. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee

concepts and developments of other franchisees that are made part of the System. As Franchisor may request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

Section 7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Face to Face franchisees if owners of Face to Face Spas, and Covered Persons were permitted to hold an interest in or perform services for any Competitive Businesses. Therefore, during the term of this Agreement, neither Franchisee nor Covered Persons, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, Limited Liability Company or other business entity, shall:

- i. divert or attempt to divert any Covered Person, customer, employee, independent contractor or other business associate of the Franchised Business, Franchisor, its Affiliate(s) or any other franchisee to any Competitive Business or solicit or otherwise attempt to induce or influence any Covered Person, customer, employee or other business associate of any of the foregoing to terminate or modify his, her or its business relationship with the Franchised Business, Franchisor, its Affiliate(s) or any other franchisee, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or
- ii. own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

Section 7.4 Non-Disclosure and Non-Competition Agreements with Certain Individuals

Upon execution of this Agreement or prior to each such person's affiliation with Franchisee, Franchisee and any Covered Person shall execute a Non-Disclosure and Non-Competition Agreement, in a form the same as or similar to Exhibit 2. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all non-disclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce such agreements.

Section 7.5 Reasonableness of Restrictions

Franchisee acknowledges the restrictive covenants contained in this Section are essential elements of this Agreement and without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, other franchisees, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

ARTICLE 8 - TRAINING AND ASSISTANCE

Section 8.1 Initial Training and Assistance

At a minimum, Franchisee, its Designated Owner(s), and such other key personnel designated by Franchisor must comply with all Franchisor prescribed training requirements prior to opening the Franchised Business. Franchisee and the Designated Owner must attend and successfully complete, to Franchisor's satisfaction, the approximate three (3) week training which includes classroom training at Franchisor's location, online training via, and on-the-job training. A total of five (5) trainees are permitted at no additional fee.

Franchisor shall conduct the initial training program either online, in person at its headquarters or at another designated location or locations. Franchisor shall not charge tuition or similar fees for initial training for up to five people as disclosed above, however, all expenses incurred by Franchisee in attending such program, including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees if the Franchisee elects to not send them to the Initial Training program described above.

In connection with the opening of your first Franchised Business, Franchisor agrees to provide Franchisee with up to five days of on-site opening assistance. Travel expenses for its personnel will be born by the Franchisor unless Franchisee requests and Franchisor agrees that the personnel Franchisor sends to Franchisee's Franchised Business location for such assistance remain longer than initially intended by Franchisor, provided, however, that Franchisee agrees to pay to Franchisor the additional costs and expenses incurred as a result of the extended assistance provided, or to be provided.

Section 8.2 Failure to Complete Initial Training Program

If Franchisor determines that the Franchisee or its Designated Owner(s) are unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor shall not be obligated to refund any amount paid by Franchisee. If Franchisee is a business entity and Franchisee or its Designated Owner(s) fail to complete the initial training program to Franchisor's satisfaction, Franchisee may be permitted to select substitute trainee(s) and such substitute person must complete the initial training to Franchisor's satisfaction at the then-current rates for additional training as set forth in the Manual.

Section 8.3 New Designated Owner

After beginning operations, should Franchisee name a new Designated Owner, Franchisee must notify Franchisor in writing of the identity of the new Designated Owner and Franchisor must approve in writing the new Designated Owner. The new Designated Owner must attend and complete the next available initial training program to Franchisor's satisfaction. Franchisee shall be responsible for all travel costs, room and board, and employees' salaries incurred in connection with the new Designated Owner's attendance at such training. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current rates for additional training, currently four hundred dollars (\$400) per day, for providing the new Designated Owner an initial training program as set forth in the Manual.

Section 8.4 Ongoing Training and Special Assistance

From time to time, Franchisor may provide, and if it does, has the right to require that the Franchisee, the Designated Owner, and such other key personnel, attend ongoing training programs or seminars during the term of this Agreement. Franchisor reserves the right to charge a tuition fee for the mandatory ongoing training. Franchisor shall not require the Designated Owner, Franchisee's other managers and/or employees to attend more than one (1) session in any calendar year and collectively not more than four (4) days in any calendar year. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with attendance at such training.

Franchisor will provide Franchisee with ongoing assistance as Franchisor deems necessary. However, if Franchisee needs or Franchisor determines that Franchisee needs, Special Assistance, or if Franchisor must deal directly with the Franchisee's customers, Franchisee's general contractors, social media, directory advertising, or others directed by Franchisee, Franchisee will pay the Additional Assistance fee of Four Hundred Dollars (\$400.00) per day plus costs and then then current daily per diem rate as set forth in the Manuals. The term "Special Assistance" includes any additional training, including, for example, remedial training or Manager training, operational assistance, or any such assistance necessary for Franchisee to comply with the terms of this Agreement.

Franchisee (or if Franchisee is an entity, its ultimate individual owners) or, if Franchisor agrees in its sole discretion, the trained Designated Owner, must attend routine meetings related to the operation of the Franchised Business. Franchisor will determine the frequency of the meetings at its sole discretion, and whether the meetings are conducted in person or remotely. Such meetings are not considered to be ongoing training programs and are therefore not subject to the restrictions set forth above.

Franchisor has the right, but not the obligation, to host an annual convention to provide additional training and/or provide new information to all Face to Face franchisees. If Franchisor elects to host an annual convention, Franchisee will be required to attend. Additionally, Franchisee must pay an annual convention entrance fee along with the first Royalty payment in January of each year of five hundred dollars (\$500) which will include admission for three people. If Franchisee executes this Franchise Agreement after the above entrance fee due date but before the annual convention, Franchisee must pay the entrance fee to Franchisor along with the franchise fee. Additional people may attend for a fee to be determined by the Franchisor in its discretion.

ARTICLE 9 - MANUAL

Section 9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall provide Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and access relinquished by Franchisee to Franchisor upon expiration or termination of this Agreement.

Section 9.2 Revisions

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

Franchisee agrees that, because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor reserves the right, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchisee due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices or any condition that Franchisor deems important to the successful operation of that Franchisee's Face to Face Spa.

Section 9.3 Confidentiality

The Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee and all Covered Persons and employees both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that access to the Manual is available at the Accepted Location in a current and up-to-date manner. Whether the Manual is in paper form or stored on computer-readable media, or both, Franchisee shall maintain the Manual in a secure manner at the Accepted Location. If the Manual is in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination or passwords needed for access to the Manual. All persons whom Franchisee permits to have access to the Manuals or any other Confidential Information must first be required by Franchisee to sign a Non-Disclosure and Non-Competition Agreement, in a form the same as or similar to Exhibit 2 provided by

Franchisor. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

ARTICLE 10 - FRANCHISE SYSTEM

Section 10.1 Compliance

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

Section 10.2 Modification of the System

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, products, services, new computer hardware and software, POS, equipment, signs or fixtures. Franchisee agrees to make all required upgrades and modifications at its expense as may be required by Franchisor; provided, however, Franchisee shall not be required to make any expenditure that will require Franchisee to spend more than Franchisee's initial total investment during the initial term of the Franchise Agreement. If such additional investment is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise Agreement unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges any required expenditures for changes or upgrades to the System shall be in addition to expenditures for refurbishment, remodeling, repairs and maintenance as required in Article 5 of this Agreement.

Section 10.3 Variance

Franchisor has the right to vary standards or specifications for any franchisee in Franchisor's sole discretion. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance.

ARTICLE 11 - ADVERTISING AND PROMOTIONAL ACTIVITIES

Section 11.1 Local Advertising

Franchisee shall continuously promote the Franchised Business through Local Advertising and participate in any and all local marketing and promotional programs Franchisor establishes from time to time. Franchisee is required to spend, at minimum, One Thousand Five Hundred Dollars (\$1,500) per month on approved local marketing and promotion in the Territory. Franchisor reserves the right to require that Franchisee spend up to \$1,200 of this local marketing expenditure requirement as directed by Franchisor. Franchisee must submit all proof of Local Advertising Expenditures to Franchisor. All Local Advertising materials must be submitted to Franchisor for approval prior to use. In the event Franchisee fails to spend the minimum Local Advertising Expenditure amount in any month, Franchisee fails to spend the minimum Local Advertising Expenditure amount on approved local marketing and promotion, or Franchisee fails to provide requested proof of such expenditure, Franchisor reserves the right to withdraw by ACH the minimum Local Advertising Expenditure amount each month and spend it on your Franchisee's behalf on marketing and promotional activities. In the event Franchisor exercises this right, Franchisee will also pay to Franchisor's then-current Advertising Administration Fee, currently \$250 per month, which may also be withdrawn by ACH.

Franchisee will maintain a suitable sign or graphics package at, or near the front of the business premises designated by Franchisor. The signage must conform in all respects to Franchisor's requirements except to the extent prohibited by local government restrictions or landlord regulations. All materials and forms including business and paper products and other supplies used in the system will bear Franchisor's proprietary marks.

Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, signage, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date of receipt by Franchisor. If Franchisor does not approve submitted materials within twenty (20) days, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to written approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services. Any advertising materials Franchisee submits to Franchisor for review will become Franchisor's property, and Franchisor may use or distribute these materials in any manner Franchisor deems appropriate, without compensation to Franchisee.

Section 11.2 Marketing Fee

You must pay to us a marketing fee (the "Marketing Fee") equal to 2% of Gross Revenue. In consideration for the Marketing Fee, we will provide such advertising, marketing, and promotional services as we deem appropriate. We may collect the marketing fee on such periodic basis as we specify, such as weekly, monthly, or otherwise.

Section 11.3 Grand Opening Marketing

Prior to the opening of the Franchised Business, Franchisor will assist Franchisee in the development of a grand opening marketing and promotion plan, which will include expenditures necessary for the implementation of the plan totaling a minimum of \$20,000. Franchisee agrees to implement the plan as developed and to make the expenditures outlined in the plan. The plan will include activities and expenditures related to the grand opening of the Franchised Business well as other initial promotional and marketing activities. Franchisee agrees to submit proof of all expenditures made pursuant to the plan and in connection with Franchisee's grand opening and initial marketing and promotional efforts.

Section 11.4 Cooperative Advertising

Franchisor has the exclusive right to create, dissolve, and merge each Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto, provided that such documents shall: **(a)** operate by majority vote, with each Face to Face Spa location (including Face to Face Spa locations owned by Franchisor or its Affiliates) entitled to one vote; **(b)** entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its operation of a Face to Face Spa location in the area served by the Cooperative); **(c)** permit the members of the Cooperative, by majority vote, to determine the amount of required contributions; and **(d)** provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination. The Cooperative must prepare annual, unaudited financial statements, which will be made available to all contributing Cooperative members. Franchisee agrees to participate in any Cooperative formed for the geographic area in which the Franchised Business is located.

The Cooperative council shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by the Cooperative council including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials within twenty (20) days, such materials shall be deemed to have not received the required approval. The submission of advertising materials to Franchisor for approval shall not affect the Cooperative council's right or franchisees' rights to determine the prices at which franchisees sell products or provide services.

Franchisee may utilize any monthly amount paid to a Cooperative program as a credit to offset the amount due that month for the Local Advertising pursuant to the terms contained in Section 11.1.

Section 11.5 Internet Advertising

Franchisee, and any Cooperative Advertising program, may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Additionally, Franchisee shall not use any of the Marks, including the words or any combination of the words "Face to Face Spa" in any domain name or individual or group email address except as authorized by Franchisor.

Franchisor retains the sole right to advertise or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, video, video-streaming, digital signage, audio, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Face to Face website. Further, Franchisor retains the right to utilize whatever form of advertising that may become available in the future.

Franchisor has the sole right to maintain Social Media sites and other sites or applications that Franchisor may establish. Franchisor does not allow Franchisee to establish or utilize Social Media sites or applications for business purposes unless otherwise approved in writing by Franchisor. Franchisee and Franchisee's employees do not have the right to utilize the Marks, any of the Trade Secrets, the Confidential Information, the common law copyrighted materials including the programs, photographs, service names, signage, promotional materials, Manual, training materials, Franchise Agreements, Area Development Agreements, and/or any other documents, materials and items for the general ambiance and decor used in the operation of the System and the Face to Face™ Businesses on any Social Media sites and/or applications, even if made from Franchisee's personal Social Media account. Further, any representations from Franchisee or Franchisee's employees regarding Franchisee's profits or earnings made on any Social Media site and/or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under this Franchise Agreement.

Section 11.6 Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the any designated directory distributed in its trade area in the directory heading or category as specified by Franchisor as well as through other listings designated by Franchisor. Advertising Franchisees must place the classified directory advertisement and listings together with other Face to Face Spas operating within the distribution area of the directories. Telephone directory advertising expenditures are in addition to Franchisee's Local Advertising obligations. Franchisor reserves the right to add additional telephone advertising requirements as they may become available in the future, including with new technology advancements.

ARTICLE 12 - ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

Section 12.1 Records

Franchisee shall submit to Franchisor on or before the date specified in the Manual the financial, operational and statistical reports and information as Franchisor may require to (i) provide Franchisee with consultation and advice in accordance with this Agreement; (ii) monitor Franchisee's performance under this Agreement and Franchisee's purchases, revenue, operating costs, expenses and profitability; (iii) develop chain-wide or system statistics; (iv) develop new operating procedures; (v) develop new authorized services, remove unsuccessful authorized services, including unsuccessful Approved Suppliers and improve and enhance authorized services; and (vi) implement changes in the Face to Face System to respond to healthcare directives, regulations and competitive and marketplace changes.

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles described by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, copies of negotiated checks, deposit receipts, cash receipts and disbursement journals, general ledgers, profit and loss statements, and any other financial records designated by Franchisor or required by law.

Section 12.2 Financial Management

Franchisee shall make available sufficient working capital to permit operation of the Franchised Business in compliance with this Agreement. Franchisee shall pay the debts of, and taxes and assessments against the Franchised Business. Franchisee shall discharge any encumbrance against the Franchised Business within 30 days of its creation.

Section 12.3 Gross Revenue Reports

Franchisee shall maintain an accurate record of Gross Revenue and shall deliver to Franchisor by close of business Saturday of each week via e-mail or intranet system a signed and verified statement of Gross Revenue (“Gross Revenue Report”) for the previous Sunday to Saturday in a form that Franchisor approves or provides in the Manual, which shall be submitted together with the Royalty, Intranet; Marketing Fees; and any other owed fees. Franchisor reserves the right to change the reporting day of the week.

Section 12.4 Financial Statements

Franchisee shall supply to Franchisor on or before 30 days after the close of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within 30 days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

Section 12.5 Other Reports

Franchisor shall submit the Marketing Report and the Marketing Fee and Local Advertising Reports in the same manner as depicted in Section 12.3. Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor’s prospective franchisees, Franchisor’s lenders or prospective lenders, as required with respect to offering Franchisor’s or its Affiliate’s securities to the public or as required to sell, merge or in any other manner transfer Franchisor’s assets or any type of certificates representing an ownership interest in Franchisor. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

Section 12.6 Computer/Software/Phone System

Franchisee must purchase, install, update, upgrade and use computer, point of sale system, credit card processing system, internet, phone systems, and surveillance systems consisting of hardware and software in accordance with Franchisor’s specifications as stated in the Manuals or in writing. Subject to applicable state and Federal laws, Franchisor shall have full rights and access to all of Franchisee’s computer, point of sale system, surveillance systems, software and phone data and systems and all related

information by means of continuous direct access, whether in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement. Franchisor shall have the right to independently access Franchisee's entire computer, software, phone data and systems, and all related information collected or compiled by Franchisee or in accordance with Franchisee's use of the computer, software, and phone systems, at any time, without notifying Franchisee.

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures and similar problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). Franchisor does not guarantee that information or communication systems that Franchisor or others supply will not be vulnerable to E-Problems. It is Franchisee's responsibility to protect itself from E-Problems. Franchisee should also take reasonable steps to verify that its suppliers, third-party vendors, lenders, landlords, and governmental agencies on which it relies, have reasonable protection from E-Problems. This may include taking reasonable steps to secure Franchisee systems (including firewalls, password protection and anti-virus systems) and to provide backup systems.

Section 12.7 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus late fees as defined in Section 3.7 and interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the audit is conducted due to (i) Franchisee's failure to provide required reports to us, or (ii) if any such inspection or audit reveals an underpayment of two percent (2%) or more of the amount due for any period covered by the audit, then Franchisee shall in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). In addition to any other rights Franchisor may have, including the right to Terminate this Agreement, Franchisor may conduct such further periodic audits and/or inspections of Franchisee's books and records as we reasonably deem necessary for up to one year thereafter at Franchisee's sole expense, including, without limitation, reasonable professional fees, legal fees, accounting fees, travel, and lodging expenses directly related thereto. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

In the event that there are three (3) deficiencies during any twelve (12) month period, the second deficiency shall be considered a material default of this Agreement and Franchisor shall have the right to terminate this Agreement without providing Franchisee the opportunity to cure the default.

Section 12.8 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting, banking and legal professionals and tax authorities, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Revenue, profits, losses, income, tax liabilities, tax payments, including federal, state and local tax returns, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement plus three (3) years or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

ARTICLE 13 - STANDARDS OF OPERATION

Section 13.1 Authorized Products, Services and Suppliers

Franchisee acknowledges the reputation and goodwill of the System is based in large part on offering high quality products and services to its customers. Accordingly, Franchisee shall provide, or offer for sale, or contract to offer for sale, or use (together “**Offer or Use**”) at the Franchised Business only those products, supplies, signs, equipment and other items and services Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor’s specifications and quality standards.

Franchisee further agrees to Offer or Use at the Franchised Business those products (whether at wholesale for use or for retail sale), supplies, signs, equipment, and other items and services that Franchisor requires that Franchisee Offer or Use at the Franchised Business from time to time. Furthermore, Franchisee agrees to maintain a minimum sufficient inventory to both fully stock such required retail displays and to meet such other merchandising requirements as determined by Franchisor from time to time and to meet customer demand.

If required by Franchisor, any such items or services shall be purchased only from “Approved Suppliers” that Franchisor designates or approves (which might include, or be limited to, Franchisor or an Affiliate, or a third party from which Franchisor derives a fee or profit). Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Accepted Location any products or services Franchisor has not approved in writing.

Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of Approved Suppliers for some or all of the products, services, supplies, signs, equipment, fixtures and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. Franchisor’s designation of a particular third party supplier whom Franchisee must purchase, lease or license specified services does not constitute a representation or warranty of the Approved Supplier’s ability to meet Franchisee’s requirements nor of the fitness or merchantability of the services sold, leased or licensed by the supplier. Franchisee understands and agrees that its sole remedy in the event of any shortages, delays or defects in the products, equipment, or services purchased, sold, leased from a designated third party Approved Supplier shall be against the Approved Supplier, not Franchisor or Franchisor’s Indemnitees.

FRANCHISOR DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES CONCERNING ANY PRODUCTS OR SERVICES PROVIDED BY APPROVED SUPPLIERS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AVAILABILITY, QUALITY, PRICING OR PROFITABILITY. ALL WARRANTIES ARE DERIVED STRICTLY AND SOLELY FROM THE MANUFACTURERS. Franchisee acknowledges that Franchisor may, under appropriate circumstances, receive fees, commissions, field-of-use license royalties, or other consideration from approved suppliers based on sales to franchisees, which consideration shall be contributed to Franchisor.

Franchisor may exercise its option to act as an intermediary between Franchisee or customer and supplier. However, this act by Franchisor does not create or constitute an agency relationship, nor an informed intermediary relationship between Franchisor and supplier and does not subject Franchisor to any liability on behalf of suppliers warranty nor any product liability under any theory, in any jurisdiction.

If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase agreement or execute a Vendor or Supplier Agreement for the items to be supplied by Franchisor or its Affiliate along with the Credit and Security Agreement attached hereto as Exhibit 9. The payment terms to Franchisor or an Affiliate are the terms stated on the Vendor or Supplier Agreement or Purchase Order supplied to Franchisor or an Affiliate and in no way shall be modified to coincide with any Agreement between Franchisee and Franchisees’ client.

If Franchisee desires to utilize any services or products Franchisor has not approved (or for services and products that require supplier approval by Franchisor), Franchisee shall first send Franchisor sufficient

information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisor shall not charge a fee for any review of said service or product; however, Franchisee or Supplier shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier. Franchisor will decide, within its sole discretion, within ninety (90) days after receiving the required information whether Franchisee may purchase or lease such items or services from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications Franchisor deems confidential. If Franchisor does not submit approval in writing to the Franchisee within ninety (90) days, the recommended supplier is deemed denied.

Notwithstanding anything to the contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor within thirty (30) days or sooner if mandated by government recall, warnings or notices; or by the Franchisor.

Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing, either for the purpose of customer or operational feedback or evaluation, and regional or local legal differences. Franchisor has the right to give its consent to one or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 13.1 and shall not create any rights in Franchisee to provide the same products or services.

Subject to applicable law, Franchisor reserves the right to require that Franchisee engage the services of a medical director, that is, a duly licensed physician which oversees the provision of certain services, for certain services offered and provided by the Franchised Business. The selection, engagement, compensation, terms, and ongoing relationship are solely the responsibility of the Franchisee, however the Franchisor must approve the chosen medical director and may continue such approval if Franchisor is made aware of any issues concerning the medical director that reflect negatively on the FACE TO FACE brand and image.

Section 13.2 Appearances and Condition of the Franchised Business, Refurbishment

Franchisee shall maintain the Franchised Business and the Accepted Location in “like new” condition, and shall repair or replace furnishings, equipment, fixtures and signage as necessary to comply with the standards and specifications of Franchisor, Franchisee’s lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications required by Franchisor. Franchisee shall be required to refurbish and update the Accepted Location throughout the term of this Agreement as necessary and/or as directed by Franchisor.

Section 13.3 Ownership and Management

Franchisee’s Face to Face Spa shall, at all times, be under the direct supervision of Franchisee or a Designated Owner who has successfully completed Franchisor’s training program. The Designated Owner shall devote sufficient efforts to the management of the day-to-day operations of the Franchised Business. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its current Designated Owner. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

Franchisor may require that Franchisee maintain a certain minimum required number of part time or fulltime employees or staff members, and Franchisee agrees to maintain such minimum numbers and levels of staffing as Franchisor may require from time to time (“**Required Staff**”). Such Required Staff

may include, without limitation, at least one fulltime on-site manager (“**Manager**”), nurse practitioner or physician assistants, estheticians, and front desk personnel. Franchisee further agrees to ensure that each employee and staff member receives the requisite training as required by Franchisor, and to bear all related tuition, travel, board, salary, and other related expenses incurred in connection with such training.

Franchisee is solely responsible for the hiring, disciplining, supervising, promoting and firing of its employees and staff and the establishment of their salaries. Franchisee shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may establish from time to time in the Manual or otherwise in writing. You shall cause all employees, while working at the Spa, to: **(a)** wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time, and **(b)** present a neat and clean appearance. You are responsible for the training of your own employees.

Section 13.4 INSPECTIONS

Franchisee will permit Franchisor and its representatives to enter the Franchised Business and any location where products or records pertaining to the Franchised Business are stored at any time during normal business hours and upon reasonable notice, for purposes of conducting inspections. Franchisee will cooperate fully with Franchisor and its representatives by rendering assistance as may be requested and permit them to observe how Franchisee is selling the products and rendering the services, to monitor sales volume, to conduct a physical inventory, to take photographs / video of any area of the Franchised Business, including, but not limited to, the lobby, treatment rooms, restrooms and other areas of the Spa, to confer with Franchisee’s employees and customers, to remove samples of any products, supplies and materials in amounts reasonably necessary to return to Franchisor’s office for inspection and record keeping, and to inspect any records of the Franchised Business, including, but not limited to, customer concern logs, community marketing logs, product request lots and product return logs. A portion of a sample taken will be given to Franchisee for safekeeping in a tamperproof container. The inspections will be performed in a manner that minimizes interference with the operations of the Franchised Business. Franchisor and/or Franchisee may videotape the inspections. Upon notice from Franchisor, and without limiting Franchisor’s rights under this agreement, Franchisee will take all necessary steps to immediately correct any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to Franchisor’s then current requirements. If Franchisee fails or refuses to correct any deficiency, Franchisor has the right, without any claim to the contrary by Franchisee, to enter Franchisee’s location or office without being guilty of trespass or any other tort, for the purpose of making or causing to be made all corrections as required, at Franchisee’s expense, payable by Franchisee upon demand.

Section 13.5 Licenses and Permits

Franchisee is solely responsible for ensuring that the Franchised Business is designed, constructed or improved, equipped and furnished in accordance with System standards. Franchisee shall secure and maintain in force, in Franchisee’s name, all required licenses, permits and certificates relating to the operation of the Franchisee’s Business. Franchisee shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to environmental protection, occupational hazards and health, worker’s compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

Section 13.6 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, or of the issuance of any order, writ, injunction, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any law, rule or regulation that reflects a notice of re-inspection by a date certain by the governmental agency or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation. Franchisee shall deliver to Franchisor not more than (5) days after a Crisis Management Event, notification of such Crisis Management Event. Franchisee will provide Franchisor with any information Franchisor requests, within five (5) days of request, about the progress and outcome of events.

Section 13.7 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain and require from their employees and contracted personnel, if applicable, high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. Franchisee shall immediately resolve any customer complaints regarding the quality of service of the Franchised Business or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee shall use his/her best efforts to resolve the customer complaints as soon as practicable. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor, in its sole discretion, determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor, in its sole discretion, believes that Franchisee has failed to adequately address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee shall pay to Franchisor immediately on demand. Franchisor has the right to terminate this Agreement for violation of this Section.

Franchisee agrees to refrain from any business or advertising practice which may be injurious to the System and the goodwill associated with the Marks and other Face to Face Spas. Franchisee and Franchisee's employees shall be required to adhere to all aspects of this Section. Failure to adhere to this section shall result in a default of this Agreement.

Franchisee agrees to refrain from making, directly or indirectly, alone or in connection with or in assistance to others, any derogatory remarks, regarding Franchisor, its founder or employees, The Face to Face® brand, and/or other franchisees in The Face to Face® franchise network, whether oral or written, directly or indirectly, to any third parties including, but not limited to, existing or prospective franchisees of the Franchisor, the public-at-large, governmental, regulatory and/or administrative agencies. Examples of derogatory remarks include, but are not limited to, making false, misleading, or disparaging statements, and bad-mouthing. This non-disparagement provision extends to all forms of communication including social media and communication to current and former customers of the Spa.

In an effort to ensure fair and honest public feedback, and to prevent the publishing of libelous content in any form, your acceptance of this Agreement prohibits Franchisee from taking any action that negatively impacts the reputation, products, services, management or employees of Franchisor, its independent contractors, or its affiliates.

Franchisee and Franchisee's owners agree to comply, and to assist Franchisor to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and Franchisee's owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and Franchisee's owners

otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti- Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT ACT, 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 Franchisee or Franchisee’s owners, or any blocking of Franchisee or Franchisee owners’ assets under the Anti- Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 17.2 below.

Section 13.8 Uniforms

Franchisee shall abide by any uniform or dress code requirements stated in the Manual or otherwise. Uniforms, or logoed apparel, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor’s specifications and quality standards for uniforms or logoed apparel.

Section 13.9 Vending Machines

Franchisee shall not install or use at Franchisee’s Face to Face Spa any vending machines, amusement devices, jukeboxes, video machines, dispensing devices, digital devices, or other similar devices without Franchisor’s prior written approval.

Section 13.10 Credit Cards

Franchisee shall honor all credit cards approved by Franchisor. Franchisee must obtain the prior written approval of Franchisor prior to honoring any previously unapproved credit cards or other credit devices. Franchisee shall keep all communication connections and access to financial and credit card information secure in a manner which is in compliance with all legal requirements and security requirements of issuing credit card companies. Franchisee at all times must comply with all payment card industry data security standards laws and regulations including any laws applicable to abandoned property and escheat and shall hold Franchisor harmless from any and all claims and liabilities.

Franchisee must, at its own expense, lease or purchase the necessary equipment and/or software and have arrangements in place with designated credit card issuers and service providers, debit and gift card issuers as Franchisor designates, from time to time, to enable the Franchised Business to accept such methods of payment from its customers, if applicable.

Section 13.11 Best Efforts

Franchisee shall diligently and fully exploit the rights in this Agreement by personally devoting best efforts, and in case more than one (1) individual has executed this Franchise Agreement as a Franchisee, the individual so designated in this Agreement shall personally devote best efforts towards the operation of the Franchised Business, or provide for full time management, trained and approved by the Franchisor, to manage the Franchised Business. The continued right of Franchisee’s Territory does depend on Franchisee’s sales volume and customer satisfaction rating. Franchisee shall be required to reach an annual minimum annual Gross Revenue each calendar year of Two Hundred and Fifty Thousand Dollars (\$250,000.00). Franchisee must also at all times maintain customer satisfaction ratings of at least an eighty percent (80%) as calculated based on the customer rating scale.

Franchisee is encouraged to submit suggestions in writing to Franchisor for improving elements of the system, including products, services, equipment, service format, advertising and any other relevant matters, that Franchisor considers adopting or modifying standards, specifications and procedures for the system. Franchisee agrees that any suggestions made are Franchisor’s exclusive property. Franchisor has no obligation to use any suggestions. If any suggestion is implemented by Franchisor, said suggestion will become part of the system and no compensation is owed to Franchisee. Franchisee may not use any suggestions inconsistent with Franchisee’s obligations under this agreement without our written consent.

Section 13.12 Period of Operation

Notwithstanding local law, Franchisees must keep the Franchised Business open to the public and operating during the days and times as set forth in the Manuals.

Section 13.13 Former Franchisees

Franchisee acknowledges that Former Franchisees are in a position to compete unfairly with Franchisor, Franchisee and/or other members of the System, and to cause great injury to the reputation of the System and/or the Proprietary Marks. Franchisee therefore agrees as follows:

- i. Franchisee will not sell, loan, give or otherwise transfer or deliver to any Former Franchisee, or allow any Former Franchisee to copy or otherwise obtain, any confidential business information about the System; any advertising or promotional materials produced by us or which bear any of the Proprietary Marks; any other of our materials or publications, including, without limitation, the Manual; any directory or roster of franchisees or Approved Suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the Face to Face Spa or the System which is not available to the public;
- ii. Franchisee will not refer prospective Customers to any Former Franchisee;
- iii. Franchisee will not notify or advise any Former Franchisee of, or in any other way assist any Former Franchisee in learning about, the date, time and place of any meetings of franchisees;
- iv. If Franchisee observes any Former Franchisee using any of the Proprietary Marks in any way, or utilizing business premises or motor vehicles from which the Proprietary Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observation to us, along with all details available to Franchisee;
- v. Franchisee shall, in general, have no dealings with a Former Franchisee which Franchisee, under this Agreement, could not have with a person who has never been a Face to Face Franchisee; and
- vi. The provisions of this Section 13.13 shall apply to Franchisee upon notice of the expiration or termination of another Franchisee's Franchise Agreement.

Section 13.14 Franchisees Employees

Franchisee will maintain a competent, conscientious staff and contract or employ the minimum number of individuals necessary to meet the anticipated volume of business and to achieve the goals of the system. Franchisee will take all steps necessary to ensure that Franchisee's contractors and employees meet the employment criteria, keep a neat appearance, and comply with any dress code Franchisor requires, and subject to the requirements of landlords, if applicable. Franchisee must ensure that the required employees are present at the Spa during all hours the Spa is required to be open for business (which, for the avoidance of doubt, includes nights and weekends), as may be more specifically set forth in the Manual. Franchisee is solely responsible for the hiring, disciplining, supervising, promoting and firing of its employees and the establishment of their salaries. Franchisee will not recruit or hire any employee of a Face to Face Spa operated by Franchisor or another Franchisee within the system without obtaining the employers written permission. All personnel designate by Franchisor must execute a Non-Disclosure and Non-Competition Agreement as enclosed in Exhibit 2.

Section 13.15 Customer Information

Franchisee will present to customers any evaluation forms that Franchisor requires and will participate and/or request its customers to participate in any marketing surveys performed by or for

Franchisor. Franchisee will maintain a current customer list containing each customer's name, address, telephone number and supply a copy of the list to Franchisor on a quarterly basis. Franchisee's customer list is at all times the exclusive property of Franchisor. Franchisee must participate in any process Franchisor develops to record all customer information.

Franchisee agrees that all data and information collected by Franchisee from clients and potential clients in connection with Franchisee's Franchised Business ("**Client Data**") is owned by Franchisor. Franchisee also agrees to give Franchisor, or grant Franchisor unlimited access to, the Client Data any time Franchisor requests. Franchisee has a license and right to use Client Data while this Agreement or a replacement or renewal franchise agreement is in effect, but only in line with the policies that Franchisor establishes and applicable law. Franchisee may not sell, transfer, or use Client Data for any purpose other than the operation of Franchisee's Franchised Business in accordance with this Agreement.

Section 13.16 Pricing

To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum or other pricing requirements with respect to the prices Franchisee may charge for products and services Franchisee offers and sells through the Franchised Business. Such established pricing may include long term retail pricing as well as pricing prescribed from time to time for any national, regional, or local advertising or promotion.

ARTICLE 14 - FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

Section 14.1 GENERAL ADVICE AND GUIDANCE

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters, webinars and other methods with respect to planning, opening and operating the Franchised Business. After Initial Training, as discussed in Section 8.1, Franchisor shall not charge for this service. Franchisee will be billed, at Franchisor's option, for Special Assistance as defined in Section 8.4 for any advice or guidance needed or given to or on behalf of Franchisee. Franchisor retains the right to refuse this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating Face to Face Spas. Business development meetings may be held, in the sole discretion of the Franchisor, up to once per week for a four (4) hour period, and any documentation requested from Franchisee by Franchisor in connection with such business development must be completed and provided by Franchisee in a timely manner.

Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business; provided, however, that Franchisor shall have the sole right to determine the prices or fees to be charged for products sold through the Face to Face Internet site and provided by Franchisor or on its behalf, including products sold to persons identified as customers of the Franchised Business.

Section 14.2 Periodic Visits

Franchisor or Franchisor's representative may make periodic visits, which may be in person, electronic or telephonic, which may be announced or unannounced, to the Franchised Business for the purposes of observation, consultation, quality control, business development, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of either or both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report shall be provided to Franchisee. Franchisee shall implement

any required changes or improvements as required by Franchisor, and within the time period required by Franchisor, with time being of the essence.

Section 14.3 System Improvements

Franchisor shall communicate improvements in the System to Franchisee as such improvements may be developed or acquired by Franchisor and implemented as part of the System.

Section 14.4 Marketing and Promotional Materials

Franchisor may periodically provide pre-approved advertising and promotional materials including ad-slicks, brochures, fliers, menus, social media posts, and other materials in a variety of forms and formats to Franchisee for use in the operation of the Franchised Business.

ARTICLE 15 - INSURANCE

Section 15.1 Types and Amounts of Coverage

Franchisee shall, at its sole cost and expense, maintain all insurance required by state, provincial or federal law, including workers' compensation or other insurance required for its employees, and including required policy limits under the lease for the Franchised Business and the operation of the Franchised Business. The insurance policy or policies must be written in accordance with Franchisor's then-current standards and specifications, and at a minimum must include the following: (a) "all risk" property insurance, including business interruption insurance, customarily obtained by similar businesses in your general area to cover, at a minimum, all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Face to Face Spa; and (b) comprehensive general liability insurance, including products, completed operations, and contractual, in an amount of not less than \$1,000,000 per occurrence with a \$3,000,000 general aggregate; and (c) workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than \$1,000,000; and (d) an umbrella policy in an amount of not less than \$1,000,000 and \$2,000,000 general aggregate; and (e) professional liability coverage on each employee who performs services on customers, and which covers all services offered at your Face to Face Spa, with coverage in amounts not less than \$1,000,000 per employee and \$2,000,000 general aggregate; (f) general professional liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and (g) if necessary, automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit. Franchisee must list Franchisor, Franchisee's current medical director, and Franchisee's landlord or property management company on all general and professional insurance policies as secondary insured. Franchisor may, from time to time, modify the required minimum limits and require additional insurance coverage by providing 30 days written notice to you. If Franchisee fail to procure and maintain the required insurance coverage required herein, Franchisor has the right, but not the obligation, to procure insurance coverage and to charge the costs to Franchisee, together with a reasonable fee for the expenses Franchisor incurs in doing so. Franchisee must pay all amounts owed to Franchisor as stated herein immediately upon written notice.

The above insurance must commence as of the date you sign a lease or purchase agreement for the Franchised Business. You must deliver to us a certificate evidencing such insurance coverage and your compliance with the provisions of this Section.

Section 15.2 Additional Insured; Certificates of Coverage

All insurance policies procured and maintained by Franchisee pursuant to this Agreement shall (a) name Franchisor as an additional insured; (b) waive any right to assert a claim back against Franchisor; and (c) undertake to notify Franchisor thirty (30) days in advance of any cancellation or material change in the policy. Franchisee must provide Franchisor with certificates of coverage at least quarterly. If Franchisee fails to provide the certificates of insurance, Franchisor (in addition to all other rights and remedies) may

purchase such insurance in the name and on behalf of Franchisee, and Franchisee shall immediately reimburse Franchisor's expenses and premiums paid to obtain such insurance.

Section 15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the State in which Franchisee operates and having at least an "A-" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide.

Insofar and to the extent that this Section may be effective without invalidating it or making it impossible to secure insurance coverage obtainable from responsible insurance companies doing business in the state where Franchisee's Face to Face Spa is located (even though an extra premium may result), both parties agree that, for any loss that is covered by insurance then being carried by them, their respective insurance companies have no right of subrogation against the other.

Section 15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 6.4 and 21.3. Franchisee shall provide annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

Section 15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

ARTICLE 16 - DEFAULT AND TERMINATION

Section 16.1 Termination by Franchisor

Non-curable Defaults

Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

- i. fails to pay the Initial Franchise Fee (or any balance thereof) at the time due or fails to commence the operation of the Franchised Business within the time provided in this Agreement;
- ii. fails to select an approved site for or develop the Franchised Business pursuant to Section 2.2, fail to secure a site for the development of the Franchised Business within 180 days of the Effective Date pursuant to Section 5.2, or fail to open the Franchised Business for business within 180 days of securing the site for the Franchised Business but no later than 360 days from the Effective Date of this Agreement pursuant to Section 5.3;
- iii. fails to have its Required Staff satisfactorily complete any training program within the required time period, pursuant to Article 8;
- iv. made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

- v. is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business, including, but not limited to, sexual or violent crimes;
- vi. is convicted of or pleads no contest to a crime involving spousal, sexual, animal, minor, or elderly abuse;
- vii. receives more than two (2) cure notices in any twelve (12) consecutive month period;
- viii. discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information or the Marks;
- ix. abandons, fails or refuses to actively operate the Franchised Business for three (3) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Accepted Location, the destruction or condemnation of the Accepted Location or any other event rendering the Accepted Location unusable;
- x. surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;
- xi. fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the ninety (90) days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;
- xii. fails to complete training within ninety (90) days of the Effective Date;
- xiii. fails to make any payment that is more than fifteen (15) days past due;
- xiv. default by guarantor;
- xv. submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that fail to report and/or understate by more than two percent (2%) any Royalty Fee, or Marketing Fee for any month or any other fees owed to Franchisor for any applicable accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;
- xvi. is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against Franchisee's business or property; if lessor evicts Franchisee from the Accepted Location; if a suit to foreclose any lien or mortgage against its Accepted Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;
- xvii. misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

- xviii. fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fee, or amounts due for purchases from Franchisor and/or any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;
- xix. continues to violate any insurance law, internal revenue statute, ordinance or regulation, or operates the Franchised Business in a manner that presents a hazard to its customers, employees or the public;
- xx. engages in any activity exclusively reserved to Franchisor;
- xxi. negatively communicates or impacts the Franchise system to any current or prospective franchisee, outside of Franchisor sponsored forums;
- xxii. fails to comply with any applicable law or regulation after being given notice of noncompliance within the lesser of ten (10) days after being given notice of noncompliance or as required by the applicable law or regulation;
- xxiii. repeatedly breaches this Agreement and/or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or
- xxiv. defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

Curable Defaults

Except as otherwise provided above in this Section 16.1, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination and stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is affected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

- i. within twenty-four (24) hours of receiving notice that Franchisee has failed any quality control check; or
- ii. within ten (5) calendar days of receiving notice of Franchisee's unauthorized use of the Marks or copyrighted works or any other digital media or granting access to confidential information to personnel who have not executed a non-disclosure and non-competition agreement; or
- iii. within ten (10) calendar days of receiving notice of any other default by Franchisee, or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing by Franchisor, or failure by Franchisee to remove unapproved retail items offered for sale; or
- iv. within thirty (30) days of receiving notice of Franchisee's deleterious conduct; or
- v. within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or

operating procedure prescribed in the Manual or otherwise prescribed in writing;
or

- vi. Within sixty (60) days of receiving notice of default arising from Franchisee's failure to comply with any legal or regulatory notice from the administrative or legal authority fail to certify correction of the default.

If any default is not cured within the above time, if a curable default, or for any longer time as applicable law may require, an Event of Default has occurred by Franchisee, and all of Franchisee's rights under this Agreement terminate without additional notice to Franchisee, effective immediately. In addition to the Events of Defaults listed within this Section, an event of Default by Franchisee occurs if Franchisee fails to comply with any of the covenants or requirements imposed by this Agreement, as it may be revised or supplemented by the Manuals, where the authority has been given to the Manuals by this Agreement or the Franchise Disclosure Document, or to carry out this Agreement in good faith. Franchisee has the burden of proving that Franchisee properly and timely cured any Default, to the extent a cure is permitted under this Agreement.

Section 16.2 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

Section 16.3 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination, Franchisor has the right to suspend its performance of any of its obligations under this Agreement and to notify any Approved Suppliers or Affiliates to suspend all obligations to Franchisee, including, but not limited to, access to client lists, access rights to point of sale system, access to all training materials, and access to all client lists and information. Additionally, upon termination, Franchisor shall have the right to cancel all of Franchisee's pending appointments.

Section 16.4 Cross-Defaults, Non-Exclusive Remedies, Etc.

Any default by Franchisee regarding this particular franchise unit (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and Franchisee (or any of Franchisee's affiliates). Any default by Franchisee (or any person/company affiliated with Franchisee) under any other agreement, specifically related to this particular franchise unit, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and Franchisee (or any person/company affiliated with Franchisee), and any default by Franchisee (or any person/company affiliated with Franchisee) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by Franchisee, specific to this particular franchise unit (or any person/company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and Franchisee (or any of Franchisee's affiliates). This provision specifically excludes a default regarding Franchise Unit #1 having a cross-defaulting effect on Franchise Unit #2, which is not in default based upon its own actions, which is owned by one or more of the same owners, members, partners, shareholders, or unit holders.

In each of the foregoing cases, Franchisor (and any of our affiliates) will have all remedies allowed by law, including termination of Franchisee's rights under the Franchise Agreement (and/or those of any person/company affiliated with Franchisee), Lease march-in rights and Franchisor's (and/or our affiliates')

obligations under the Franchise Agreement. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity. Franchisor is free to pursue any rights and/or remedies available.

Section 16.5 Additional Remedies

In lieu of terminating this Agreement pursuant to this Article 16, Franchisor may, in its sole and absolute discretion and without waiving its rights to terminate: (i) suspend any obligations to perform or comply with our obligations to Franchisee under this Agreement or other agreements; (ii) withhold services to Franchisee; (iii) limit Franchisee's access to any or all portions of certain software or computer systems; (iv) revoke Franchisee's right to participate in promotions or programs, or to attend conventions or meetings; (v) discontinue manufacture or similar rebate programs; (vi) amend or remove any territorial protection granted to Franchisee under Section 2.5; and/or (vii) exercise Franchisor's option to acquire the Franchised Business pursuant to the terms in Section 17.4.

ARTICLE 17 - RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

Section 17.1 Actions to be Taken

Except as otherwise provided herein, upon termination, non-renewal, or expiration, this Agreement and all rights granted herein to Franchisee shall terminate and Franchisee shall:

- i. immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or Former Face to Face Franchisee;
- ii. immediately remove all identifying architectural superstructure and signage on or about the business bearing the Marks (or any similar Marks). All property belonging to Franchisor will be held by Franchisee for delivery to Franchisor upon request, at Franchisee's expense. Any signage that Franchisee is unable to remove within one business day of the termination of this agreement must be completely covered by Franchisee until the time of its removal. If Franchisee fails or refuses to comply with this obligation, Franchisor has the right to enter upon the premises, without being guilty of trespass or any other tort for the purpose of removing the signage and storing it in another location, at a reasonable expense (for signage not owned by Franchisor) payable by Franchisee on demand;
- iii. maintain a conspicuous sign at the business in a form specified by Franchisor stating that Franchisee's business is no longer associated with the franchise system; and advise all customers or prospective customers telephoning Franchisee's business that the business is no longer associated with the franchise system, until all modifications and alterations required by this section are completed;
- iv. deliver to Franchisor, all information, including any contracts, e-mail transmissions, written memorandums, customer sheets, or any other written or electronic data regarding customer lists or marketing efforts;
- v. refrain from taking any action to reduce the goodwill of Franchisee's customers or potential customers, towards Franchisor, other Franchisees or any other aspect of the System;
- vi. cease to use the Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

- vii. upon demand by Franchisor, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Accepted Location to Franchisor. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after Termination or expiration of this Agreement. Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due, with no liability for any previous months lease payments prior to Franchisor accepting the assignment or sublease;
- viii. immediately take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any fictitious or assumed name or equivalent registration filed with state, city or county authorities which contains the name "Face to Face Spa" or any Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement;
- ix. pay all sums owing, after the Effective Date of Termination or Expiration of this Agreement until the date that Franchisee completes all post-termination obligations required under this Agreement, to Franchisor, and any Affiliate, which may include, but not be limited to, all damages, costs and expenses, unpaid Royalty Fees, and Marketing Fee, or any other amounts due to Franchisor or any Affiliate within five (5) days after Termination or expiration of this Agreement;
- x. immediately pay to Franchisor, if this Agreement is terminated by the Franchisor due to Franchisee's default hereunder, or if Franchisee terminates this Agreement before this Agreement's scheduled expiration date, as liquidated damages and not as a penalty, damages in the amount equal to (i) your average weekly Royalty Fee plus your average weekly Marketing Fee due for the last 52 weeks (or, if less, the period the Franchised Business has been open) before termination, (ii) multiplied by the lesser of 156 or the number of weeks remaining in the then-current Term of the Agreement, and (iii) discounted to present value using then then-current prime rate of interest quoted by Franchisor's principal commercial bank;
- xi. immediately return to Franchisor the Manual and all other Confidential Information including all materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);
- xii. assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Franchised Business or Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to Franchisor, or their assign;
- xiii. keep and maintain all business records pertaining to the business conducted at the Franchised Business for three (3) years after the Effective Date of Termination or Expiration of this Agreement. During this period, Franchisee will permit Franchisor to inspect such business records as frequently as Franchisor deems necessary; and
- xiv. comply with all other applicable provisions of this Agreement.

If Franchisee fails or refuses to comply with the requirements of this section, Franchisor has the right to enter upon the premises for the purpose of making or causing to be made all changes as may be required, at a reasonable expense (this expense Franchisee must pay upon demand) and at Franchisees sole risk and expense, without responsibility for any actual or consequential damages to Franchisees property or others, and without liability for trespass or other tort or criminal act. Franchisee agrees that Franchisees failure to make these alterations will cause an irreparable injury to Franchisor.

Section 17.2 Post-Termination Covenant Not to Compete

Franchisee acknowledges the restrictive covenants contained in this Section and in Section are fair and reasonable and will not impose any undue hardship on Franchisee or any Covered Person, since Franchisee and Covered Person has other considerable skills, experience, and education which afford Franchisee and Covered Person the opportunity to derive income from other endeavors, and are justifiably required for purposes including, but not limited to, the following:

- i. protecting the Trade Secrets and other Confidential Information of Franchisor;
- ii. inducing Franchisor to grant a Franchise to Franchisee; and
- iii. inducing Franchisor to incur costs in training Franchisee and its officers, directors, executives, managers and Designated Managers.

To prevent a conflict of interest and unfair competition based upon Franchisee's knowledge and use of the Franchisor's System and Marks, neither Franchisee, nor any Covered Person or employee shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

- i. own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a thirty (30) mile radius of the Accepted Location or within the Designated Territory (whichever is greater), and (b) within a thirty (30) mile radius of the location of any other Face to Face™ Business in existence at the time of termination or expiration; or
- ii. solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor, its Affiliate(s) or any other franchisee to terminate or modify his, her or its business relationship with Franchisor, its Affiliate(s) or any other franchisee, by direct or indirect inducement or otherwise.

In furtherance of this Section, Franchisor has the right to require officers, managers, and partners along with certain individuals and any Covered Person to execute a standard form non-disclosure or non-competition agreements in a form the same as the Non-Disclosure and Non-Competition Agreement attached as Exhibit 2.

Section 17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Article 10 or 13. If Franchisor elects not to receive an assignment or sublease of the Accepted Location, Franchisee shall make such modifications or alterations to the Accepted Location (including changing signage, telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Accepted Location. Franchisee shall make such specific additional

changes to the Accepted Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Accepted Location, without the threat of committing a tort or trespass, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay immediately upon demand.

Section 17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of sixty (60) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including leasehold improvements, equipment, supplies and other inventory. Franchisor may assign its rights to purchase the Franchised Business under this Section 17.4 to an assignee.

If Franchisor or Franchisor's assignee exercises the option to purchase, pending the closing of the purchase, Franchisor has the right to appoint a manager to maintain the operation of the Face to Face Spa. Alternatively, Franchisor may require Franchisee to close the Face to Face Spa during this time, without removing any assets. Franchisee will maintain in force all insurance policies required in this agreement until the date of closing. Franchisor agrees to use reasonable efforts to affect the termination of the existing lease for the location and enter into a new lease on reasonable terms with the landlord. If Franchisor is unable to enter into a new lease and Franchisee's rights under the existing lease are assigned to Franchisor where Franchisor subleases the location from Franchisee, Franchisor indemnifies Franchisee from any ongoing liability under the lease occurring after the date Franchisor assumes possession of the business.

The purchase price shall be equal to the assets' book value, excluding any goodwill, or fair market value, whichever is less, and shall abide by the following:

- a. if Franchisor and Franchisee are unable to agree on the fair market value of the Assets within sixty (60) days after Franchisee's receipt of Franchisor's notice of its intent to exercise its option to purchase the Assets, the fair market value shall be determined by two professionally certified appraisers, Franchisee selecting one and Franchisor selecting one. If the valuations set by the two appraisers differ by more than ten percent (10%) of the higher amount, the two appraisers shall select a third professionally certified appraiser who also shall 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) shall be conclusive and shall be the Purchase Price. If, within a reasonable time, Franchisee fails to select a professionally certified appraiser, or the appraiser selected by Franchisee fails to set a value, or the two appraisers do not agree on a third appraiser when such an appraiser is required, then in any of those events the value set by the appraiser selected by Franchisor shall be conclusive;
- b. the appraisers shall be given full access to the Franchise Business and Franchisee's books and records during customary business hours to conduct the appraisal, and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section 17.4. The fees and costs of the appraiser or appraisers shall be borne equally by Franchisor and Franchisee on a 50/50 valuation;
- c. within sixty (60) days after the Purchase Price has been determined, Franchisor may exercise its option to purchase the Assets by so notifying Franchisee. The Purchase Price shall be paid in cash or cash equivalents at the closing of the purchase ("Closing"), which shall take place no later than sixty (60) days after Franchisor's receipt of the valuations set by the appraisers. At the Closing, Franchisee shall deliver instruments transferring to Franchisor or its assignee: (1) good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable

to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; (2) all licenses and permits for the Franchised Business that may be assigned or transferred, with appropriate consents if required; and (3) the lease or sublease for the Franchise Business, with appropriate consents if required. If Franchisee cannot deliver clear title to all of the purchased Assets as indicated in this Section, or if there are other unresolved issues, the Closing shall be accomplished through an escrow;

- d. prior to Closing, Franchisee and Franchisor shall comply with all applicable legal requirements, including the bulk sales provisions, if applicable, of the Uniform Commercial Code of the state in which the franchised business is located and the bulk sales provisions, if applicable, of any applicable tax laws and regulations. Franchisee shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Franchise Business prior to Closing. Franchisor shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by Franchisee to Franchisor and its affiliates, and the amount of any encumbrances or liens against the Assets or any obligations assumed by Franchisor; and
- e. if Franchisor or its assignee exercises the option to purchase, then Franchisee shall maintain in force all insurance policies required under this Agreement until the Closing. If the Franchise Business is leased, Franchisor agrees to use reasonable efforts to effect a termination of the existing lease for the Franchise Business. If the lease for the Franchise Business is assigned to Franchisor or if Franchisor subleases the Franchise Business from Franchisee, Franchisor shall indemnify and hold Franchisee harmless from any ongoing liability under the lease from the date Franchisor assumes possession of the Franchise Business. If Franchisee owns the Franchise Business location, Franchisor, at its option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the area are then being leased. The initial term of this lease with Franchisee shall be at least ten (10) years and the rent shall be the fair market rental value of the Franchised Location. If Franchisee and Franchisor cannot agree on the fair market rental value of any Franchised Location, then the rental value shall be determined by an appraiser or appraisers selected and paid in the manner described in Sections 17.4 (i) and (ii).

Section 17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect until they are satisfied in full or by their nature expire.

Section 17.6 Existence of Claim

Franchisee expressly agrees that the existence of any claim that Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants in this Article 17.

Section 17.7 Injunction

Franchisee acknowledges that any threatened or actual failure to comply with the requirements of this Article 17 would cause Franchisor to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents, even if contract to Franchisee's state law, to the ex parte entry of a temporary or permanent injunction prohibiting any conduct by Franchisee in violation of the terms of this Article 17. Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement, statute, common law or otherwise.

Section 17.8 Franchisor is Attorney In Fact

Franchisor may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary to: cause discontinuation of Franchisee's use of the name, Face to Face Spa, or any other related or similar name or use thereunder; cancellations of services related to the Franchised Business; the execution of an assignment or sublease of the Accepted Location; and Franchisor is hereby irrevocably appointed by Franchisee as Franchisee's Attorney-In-Fact to do so.

Section 17.9 Liquidated Damages

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from continuing Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. Therefore, upon termination of this Agreement according to its terms and conditions resulting from a breach by Franchisee, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average weekly Royalty Fees and Marketing Fees owed Franchisor during the 52 full weeks of operation preceding the effective date of termination multiplied by the greater of 156 and the number of weeks remaining in the term of the Agreement had it not been terminated, discounted to present value at the discount rate published by Franchisor's then-current commercial bank.

The liquidated damages provision only covers our damages from the loss of cash flow from the continuing Royalty Fees and Marketing Fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and damages arising from a violation of any provision of this Agreement other than the continuing Royalty Fee and Marketing Fee section. Franchisee and each of Franchisee's owners agree that this liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the continuing Royalty Fee and Marketing Fee section. If this provision is found to be unenforceable, Franchisor may elect to pursue Franchisee for lost future revenues, such as lost future Royalty Fees and Marketing Fees.

ARTICLE 18 - TRANSFERABILITY OF INTEREST

Section 18.1 Transfer by Franchisor

This Agreement and all rights and duties herein are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor herein and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

Section 18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's (or its owners') personal or collective skills and financial ability. Accordingly, except for percentage of ownership transfers inter se, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Accepted Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor, such approval will not unreasonably be withheld. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's

consent to such transfer shall be conditioned upon the satisfaction of the following requirements, which shall not be unreasonably withheld, conditioned or delayed, other than the completion of the below items:

- i. Franchisee has complied with the requirements set forth in Article 19;
- ii. all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;
- iii. Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as the General Release attached as Exhibit 1; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;
- iv. the prospective Transferee has satisfied to Franchisor's satisfaction that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require, to operate a franchised business;
- v. the Transferee and, if Franchisor requires, all persons owning any interest in the Transferee, have executed the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fee rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement. However, the fees shall not be more than the current fees being paid by transferor;
- vi. the Transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, but also including in the general release terms releasing, any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, legal representatives, attorneys, agents, owners and employees, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the Transferee by Franchisee; provided, however, that if a general release is prohibited, Transferee shall give the maximum release allowed by law;
- vii. Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective Transferee relating to the intended sale or transfer of the Franchise;
- viii. Franchisee, or the Transferee, has paid to Franchisor a transfer fee in an amount equal to 50% of the then current franchise fee;
- ix. the Transferee, and all holders of a legal or beneficial interest in the Transferee, have agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of the term;
- x. Transferee has agreed to be bound by the obligations of the new franchise agreement, any existing Franchise contracts and to guarantee the full performance thereof by the Transferee, if required by Franchisor;
- xi. the Transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Accepted Location) and all applicable Federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

- xii. Franchisee, and in the event Franchisee is an entity all of the holders of a legal and beneficial interest in Franchisee, have executed and delivered to Franchisor a Non-Disclosure and Non-Competition Agreement in a form satisfactory to Franchisor and in a substance the same as the Non-Disclosure and Non-Competition covenants contained in Articles 7 and 17 and attached as Exhibit 2;
- xiii. the Transferee agrees that its Required Staff, that have not already completed the training, shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Article 8 prior to assuming the management of the day-to-day operation of the Franchised Business.

Transferee shall receive the franchised businesses Designated Territory as described in Section 2.5 in its entirety with all rights to exclusivity and scope given in the original Franchise Agreement prior to the transfer to Transferee.

Section 18.3 Transfer to a Controlled Entity

Franchisor shall consent to Franchisee's assignment of this Agreement to a corporation or other business entity whose shares are wholly owned and controlled by Franchisee ("Controlled Entity") provided that:

- i. the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;
- ii. Franchisee, or all holders of a legal or beneficial interest in Franchisee, own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;
- iii. all obligations of Franchisee to Franchisor, or any Affiliate, are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2;
- iv. the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;
- v. all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor, jointly and severally, guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;
- vi. each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and
- vii. copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors and stockholders, managing members and members and general partners and limited partners, as applicable, authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the Transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

Section 18.4 Franchisor's Disclosure to Transferee

Franchisor has the right but not the obligation, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended Transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended Transferee identified by Franchisee.

Section 18.5 For Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted herein. Franchisor will not withhold consent for "For-Sale Advertising" unreasonably upon written notice by Franchisee.

Section 18.6 Transfer by Death or Incapacity

Upon the death or incapacity (as determined by a court of competent jurisdiction) of any individual franchisee or any holder of a legal or beneficial interest in Franchisee, the appropriate representative of such person will, within three (3) months following such event, transfer such individual's interest in the Franchised Business to a third party approved by Franchisor or Franchisor shall have the right to terminate this Agreement. Such transfers, including transfers by Will or inheritance shall be subject to the conditions for assignments and transfers contained in this Agreement unless prohibited by the state where Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. During such three (3) month period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

Following the death or incapacity of an owner of the Franchised Business, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time as well as charge Franchisee for any expenses incurred that are not paid out of the operating cash flow of the Franchised Business.

Section 18.7 Transfer Upon Divorce or Partnership Dissolution

If this Agreement is in the name of two persons who are husband and wife or two or more persons who are partners as Franchisees, this section describes the policies to be applied upon divorce or dissolution of the partnership. During the period when a divorce or partnership dissolution action is pending, you must adopt one of the following methods of operation:

- a. if one of the parties is willing to relinquish his or her right and interest in the franchise, thereby leaving his or her spouse or partner(s) to carry on the franchise unit, he or she may do so by assigning the interest to his or her spouse or to his or her partner(s) provided the remaining spouse or partner(s) has successfully completed basic management training;

- b. if the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the franchised business jointly on a “business-as-usual” basis during the proceeding, they may do so; or
- c. if the parties in a divorce action or in partnership dissolution are not agreeable to operate under alternatives (a) or (b) then they must make arrangements to have their franchise business operated by a third party manager until the divorce or dissolution may be completed. The new manager must be approved by Franchisor and have satisfactorily completed basic management training; and
- d. divorcing parties may, after final order or judgment, continue to operate their franchise business in the form of a partnership or other business entity even though they are no longer husband-and-wife. In such case, however, they must enter a formal agreement which defines the respective rights and obligations, file a signed copy with Franchisor, assign this agreement to the new entity, and comply with all other requirements for establishing the franchise business as a partnership or other business entity.

ARTICLE 19 - RIGHT OF FIRST REFUSAL

Section 19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted herein, Franchisee shall obtain and deliver a bona fide, executed written offer or proposal from a responsible and fully disclosed person or entity, as applicable, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

Section 19.2 Franchisor’s Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor’s credit shall be deemed at least equal to the credit of any such above-referenced disclosed person or entity, as applicable. After providing notice to Franchisee of Franchisor’s intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor’s election, such representations and warranties contained in the proposal.

Section 19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its Right of First Refusal within thirty (30) days, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor’s prior written approval as required by Section 18.2. Should the sale, assignment, conveyance, gift, pledge, mortgage, sublicense or other transfer fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor’s Right of First Refusal shall renew and be implemented in accordance with this Article 19.

ARTICLE 20 - BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 4 as Holders of a Legal or Beneficial Interest are the sole holders of a legal or beneficial interest of Franchisee, and further that:

- i. Representations. If Franchisee is a corporation, a limited liability company or a partnership, Franchisee makes the following representations and warranties: (1) it is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state(s) in which the Territory is located; (3) execution of this Agreement and the development and operation of the Business are permitted by its governing documents; and (4) Franchisee's Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Franchisee are limited exclusively to the development and operation of the Franchise Business and such other Franchise Businesses (if any) as Franchisor may authorize Franchisee to develop and operate;
- ii. Governing Documents. If Franchisee is a corporation, Franchisee represents and warrants that copies of Franchisee's Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, have been furnished to Franchisor. If Franchisee is a limited liability company, Franchisee represents and warrants that copies of Franchisee's Articles of Organization, other governing documents and any amendments, including the resolution of the Members or Managers authorizing entry into and performance of this Agreement, have been furnished to Franchisor. If Franchisee is a partnership, Franchisee represents and warrants that copies of Franchisee's written partnership agreement, other governing documents and any amendments, have been furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Franchisee's written partnership agreement. When any of these governing documents are modified or changed, Franchisee shall provide copies to Franchisor promptly;
- iii. Ownership Interests. If Franchisee is a corporation, a limited liability company or a partnership, Franchisee represents and warrants that all interests in Franchisee are owned as set forth in attached Exhibit 4. In addition, if Franchisee is a corporation, Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If Franchisee is a limited liability company, Franchisee shall maintain a current list of all members (and the percentage membership interest of each member). If Franchisee is a partnership, Franchisee shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership of each owner). Franchisee shall comply with Section 22 prior to any change in ownership interests and shall execute and deliver to Franchisor addenda to Exhibit 4 as changes occur in order to ensure the information contained in Exhibit 4 is true, accurate and complete at all times.

ARTICLE 21 - RELATIONSHIP AND INDEMNIFICATION

Section 21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor. Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an independent owner of the Franchised

Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Accepted Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

Section 21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action Franchisee shall do so. If Franchisee fails to do so, it shall be considered an act of Default.

Section 21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor Indemnitees from and against all losses and expenses (as defined herein) incurred in connection with any action, suit, demand, claim, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following, Franchisee's: (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or ruling, standard, or directive or of any industry standard; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) libel, slander or any other form of defamation by Franchisee including defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts or omissions by Franchisee or any of Franchisee's agents, servants, employees, contractors, partners, proprietors, affiliates, or in any manner in connection with the Franchised Business; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information; (g) the inaccuracy, lack of authenticity, or non-disclosure of any information by Franchisee; (h) any unapproved service provided by Franchisee at, from, or related to the operation at the Accepted Location; (i) or any services provided by any affiliated or non-affiliated participating entity.

For the purpose of this Section, the term "losses and expenses" shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, costs of or resulting from franchisees duties in the preparation of the purchase order regarding franchisees taking accurate measurements and representing the customer's desire for both color and type of fabric, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described. Franchisee agrees to give us notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from our gross negligence or willful acts.

At Franchisee expense and risk, we may elect to assume (but under no circumstance are obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that we will seek Franchisee advice and counsel and shall keep Franchisee informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by us shall in no manner or form diminish Franchisee obligation to indemnify us and to hold us harmless.

All losses and expenses incurred under this Section 21.3 shall be chargeable to and paid by Franchisee pursuant to Franchisee's obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense.

Franchisor Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify Franchisor Indemnitees for all losses and expenses which may arise out of any acts, errors, or omissions of these third parties.

Under no circumstances shall Franchisor Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnitees from Franchisee.

Franchisor's right to indemnity shall exist notwithstanding the fact that joint or several liability may be imposed upon Franchisor by statute, ordinance, regulation or judicial or arbitral decision.

Section 21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

ARTICLE 22 - GENERAL CONDITIONS AND PROVISIONS

Section 22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it herein, or to insist upon strict compliance by Franchisee with any obligation or condition herein, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

Section 22.2 Injunctive Relief and Specific Performance

A breach by Franchisee of any of the restrictions or obligations contained in Articles 6, 7 and/or 17 would result in irreparable injury to Franchisor as the damages arising out of any such breach would be difficult to ascertain. Therefore, Franchisor, in its sole discretion, shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, and/or specific performance with respect to such breach without the necessity of posting security or bond, or having an evidentiary hearing, even if required by statute in the

Franchisee's jurisdiction, provided that an original notarized copy of this Agreement is provided to a Court of competent jurisdiction.

Further a breach of this Agreement pursuant to Section 16.2, will result in irreparable injury to Franchisor as the damages arising out of any such breach would be difficult to ascertain, such a breach will entitle Franchisor Liquidated Damages as stated in Section 17.9.

Section 22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, manager or partner of the recipient party); (b) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; (c) five (5) business days after being sent by Registered Mail, return receipt requested, (d) three (3) business days after being sent via International Airmail, or on the date the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, if mailed. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to Franchisee at the address set forth in the introductory paragraph of this Agreement and to Franchisor at the following addresses:

Face to Face Franchising, LLC
Attn: Jenny Abraham, CEO
3801 N. Capitol of TX Hwy, Suite F-110
Austin, Texas 78746

With a copy to:

Maral M. Kilejian, Esq.
2801 N Harwood Street, Suite 2300
Dallas, Texas 75201

Section 22.4 Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Guaranty and Assumption of Obligations attached as Exhibit 3.

Section 22.5 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for its approval and, except as otherwise specifically provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

Section 22.6 Entire Agreement

This Agreement, the Manual and the Exhibits attached hereto and thus made a part hereof and any other documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this

Agreement or any related agreement is intended to disclaim the representations Franchisor has made in the Franchise Disclosure Document.

Section 22.7 Severability and Modification

All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were severed, the remainder of this Agreement shall remain in effect and enforceable to the fullest extent permitted by law. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. If any term of this Agreement may be construed in two or more ways, one that would render the term invalid or otherwise voidable or unenforceable and another that would render the term valid and enforceable, then that term has the meaning that renders it valid and enforceable. This Agreement shall not be waived, altered or canceled, in whole or in part, except by a writing signed by the parties.

Notwithstanding the above, each of the covenants contained in Articles 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

Section 22.8 Construction

All captions herein or in the Exhibits attached hereto and thus made a part hereof, are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof or thereof. Should any provision of this Agreement require interpretation or construction, it is agreed by Franchisor and Franchisee the court, administrative body, mediation panel, sole mediator or other person or entity interpreting or construing this Agreement shall not apply a presumption the provisions hereof shall be more strictly construed against Franchisor by reason of the rule of construction that a document is to be construed more strictly against the person or entity who, or through its agent, prepared same.

Section 22.9 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies to Franchisor or Approved Suppliers, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

Section 22.10 Timing

Time is of the essence. Except as set forth in Section 22.9, failure to perform any act within the time required or permitted by this Agreement, shall be a material breach of this Agreement.

Section 22.11 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. Notwithstanding anything in this Agreement to the contrary, no endorsement or statement on any payment (or on any document accompanying said payment) for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction. Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of

Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

Section 22.12 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

Section 22.13 Third Party Beneficiaries

The parties agree that all other Franchisees are third-party beneficiaries to the terms of this agreement and have the right to separately enforce the Franchisees covenants, if the Franchisor is unwilling or unable to enforce the Franchisee covenants.

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

Section 22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

Section 22.15 Survival of Terms

Each provision of Articles 17, 21, 22, 24, and those provisions hereinabove provided relating to covenants against post-termination/expiration use of the Proprietary Marks, Know-How and Copyrights will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

ARTICLE 23 - DISPUTE RESOLUTION

Section 23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

Section 23.2 Consent to Jurisdiction

Claims for injunctive relief or specific performance, or otherwise may be brought by Franchisor (i) where Franchisee resides or does business, (ii) where the Franchised Business is, or was located or (iii) where the claim arose; and Franchisee hereby waives all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

Franchisee shall file any suit against Franchisor only in Williamson County, Texas, in the federal court having jurisdiction; and Franchisor hereby waives all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

Section 23.3 Rights and Remedies

Remedies are cumulative. No remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief or specific performance against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. Franchisee's rights and remedies regarding Franchisor's breach of this Agreement are as set forth in this Agreement.

Section 23.4 Limitations of Claims

Except for claims by Franchisor for payments owed by Franchisee under this Agreement, any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action relating to the ownership of any of Franchisor's Marks, or for injunctive relief, specific performance or mediation, as set forth in this Agreement, is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

Section 23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, other than those stated within this Agreement. Franchisee waives and disclaims any right or claim to consequential damages against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's damages shall not exceed an amount greater than Franchisee's combined Franchise Fee, Gross Revenue and Royalty Fee payments.

Franchisee acknowledges that if any claim or action is begun for the enforcement of this Agreement or for any alleged dispute, breach, default or misrepresentation under any term of this Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to mediation, appellate, bankruptcy and post judgment proceedings), incurred in the action or proceeding in addition to any other relief that the party is entitled. Attorney's fees include paralegals fees, administrative costs, investigated costs, cost of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorneys to the prevailing party. The non-prevailing party must reimburse the prevailing party on demand for all of the above listed expenses the prevailing party incurs.

Section 23.6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION WHATSOEVER, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM, INCLUDING BUT NOT LIMITED TO, RELATING TO THE OWNERSHIP OF ANY OF FRANCHISOR'S MARKS OR THE UNAUTHORIZED USE OR DISCLOSURE OF FRANCHISOR'S TRADE SECRETS OR CONFIDENTIAL INFORMATION OR FOR INJUNCTIVE RELIEF OR SPECIFIC PERFORMANCE.

Section 23.7 Mediation

Except for actions or claims for injunctive relief or specific performance or the unauthorized use or disclosure of Franchisor's Trade Secrets or Confidential Information, all claims, disputes and other matters in question between Franchisor and Franchisee arising out of or relating to this Agreement, the business relationship or any other agreement, including whether this mediation clause is binding upon

the parties, shall be resolved by non-binding mediation before the Center for Public Resources -- National Franchise Mediation Program, FAM, or another mutually agreeable mediator. Both parties agree that all claims, notwithstanding those exempted herein, will be subject to a minimum of two mediation sessions prior to either party is permitted to initiate a lawsuit. In the event either party initiates arbitration or a lawsuit prior to completing the minimum number of mediation sessions, the party agrees to pay any and all fees and expenses incurred by the non-moving party in contesting the jurisdiction of the matter with the arbitrator or court. Notwithstanding the above, the following shall not be subject to mediation:

- i. disputes and controversies arising from the Sherman Act, the Clayton Act or any other Federal or state antitrust law;
- ii. disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of any Confidential Information, the Proprietary Marks or any other trademarks;
- iii. disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business under lease or sublease.

Both parties will sign a confidentiality agreement reasonably satisfactory to Franchisor. Upon submission, the obligation to attend mediation in the county and state designated by Franchisor (currently Williamson County, Texas) is binding on both parties. Each party will bear his, her or its own costs for the mediation, except the mediation fee and the fee for the mediator will be split equally.

To initiate mediation, either Franchisor or Franchisee shall appoint one mediator and after appointment of the mediator, shall notify in writing the other of such appointment and the name of and the contact information for the mediator within three (3) business days after selection of said mediator. The mediation shall be conducted in Williamson County, Texas as directed by the sole mediator. If an agreement is reached between the parties, then the signed award of the mediator shall be final and binding upon Franchisor and Franchisee and any other party to the mediation. Judgment may be entered upon the award of the mediator in any court having competent jurisdiction.

Franchisee acknowledges it has read the terms of this non-binding mediation provision and affirms each provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

Section 23.8 Withholding Consent

In no event will Franchisee make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us. Franchisee's sole remedy for any such claim is to submit it to non-binding mediation as described in this Article 23.

ARTICLE 24 - ACKNOWLEDGMENTS

Section 24.1 Receipt of This Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document, along with any applicable state addendums and Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges it has received an exact copy of this Agreement and its Exhibits fully filled in, except for signatures, prior to the date on which this Agreement was executed. Franchisee further represents and acknowledges it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the 2007 Amendment to the Federal Trade Commission Rule entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

Franchisee understands that Franchisor is relying on Franchisee to bring forward, in writing, at this time any matters inconsistent with any of the matters set forth in this Article 24, or otherwise, so that Franchisor can correct any misunderstandings. Franchisee agrees that if any of the statements or matters set forth in this Article 24 or otherwise are not true, correct and complete, Franchisee will make a written statement regarding such next to Franchisee's signature below so that Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

Franchisee acknowledges and agrees that in all of Franchisee's dealings with Franchisor, Franchisor's officers, directors, employees, and agents acted only in a representative capacity and not in an individual capacity. Franchisee further acknowledges that this Agreement, and all business dealings between Franchisee and such individuals as a result of this Agreement, are solely between Franchisee and Franchisor. Franchisee further represents to Franchisor, as an inducement to Franchisor's entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the Franchised Business.

Section 24.2 Consultation by Franchisee

Franchisee represents it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents it has either consulted with such advisors or has deliberately declined to do so.

Section 24.3 True and Accurate Information

If the Franchisee is a Corporation, Limited Liability Company or a general or limited partnership, Franchisee warrants and represents that Franchisee is duly organized, validly existing and in good standing under the laws of the state of organizations, and that Franchisee has the power to sign deliver and carry out this Agreement. The undersigned has taken all necessary action for proper authorization and will supply a true and accurate copy of that authorization with the Franchise Agreement. Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

Franchisee agrees that, under federal and state franchise laws and other applicable laws, Franchisor may be required to disclose name, home address and telephone number and franchisee agrees to the disclosure of your name, home address and telephone number. Franchisee must notify Franchisor of any change in Franchisee's name, home address and telephone number within ten (10) days of the change. Franchisee releases Franchisor and its officers, directors, stockholders, agents and legal successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands, in law or in equity, or Franchisee ever had, now have, or that Franchisee later may have, from Franchisor's disclosure of your name, home address and telephone number.

Section 24.4 Risk

Franchisee represents it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an Face to Face™ Business involves business risks and the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby. In addition, Franchisor makes no warranty as to Franchisees ability to operate the Face to Face Spa in the jurisdiction where Franchisee's Face to Face franchise is to be operated. It is Franchisee's obligation to seek or obtain advice of counsel specifically on this issue. If legislation enacted by, or regulation of, any governmental body prevents Franchisee from operating a Face to Face Spa, the Franchisor is not liable for damages, nor required to indemnify Franchisee or to return any monies received from Franchisee.

Section 24.5 No Guarantee of Success

Franchisee represents and acknowledges it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges there have been no representations by Franchisor's directors, managers, members, employees, attorneys or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

Section 24.6 No Violation of Other Agreements

Franchisee represents its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

Section 24.7 Independent Obligations

Each obligation or other provision contained in this Agreement shall be deemed and construed as a separate and independent covenant, condition and obligation of the party bound by, undertaking or making the same, and not dependent on any other provisions of this Agreement, unless expressly so provided. If any party has breached any obligation or other provision contained in this Agreement in any respect, the fact there exists another obligation or provision relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact the party is in breach of the first obligation or other provision contained in this Agreement.

Section 24.8 Gender

Whenever the context of this Agreement requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural.

Section 24.9 Franchisor's Business Judgment

The parties recognize, and any mediator or judge is affirmatively advised that certain provisions of this Agreement describes the right of Franchisor to take (or refrain from taking) certain actions in its sole discretion, and other actions in the exercise of its reasonable business judgment. Where this Agreement expressly requires that Franchisor make a decision based upon Franchisor's reasonable business judgment, Franchisor is required to evaluate the overall best interests of all Face to Face Spas and Franchisor's own business interests. If Franchisor makes a decision based upon it's a reasonable business judgment, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor. The fact that a mediator or judge might reach a different decision than the one made by Franchisor is not a basis for finding that Franchisor made its decision without the exercise of reasonable business judgment. Franchisor's duty to exercise reasonable business judgment in making certain decisions does not restrict or limit Franchisor's right under this Agreement to make other decisions based entirely on Franchisor's sole discretion as permitted by this Agreement. Franchisor sole discretion means that Franchisor may have any or no reason for the decision made or act taken and it is the Franchisor's contractual right to do so, where such right has been reserved.

[THIS AREA IS INTENTIONALLY LEFT BLANK]

Even though this Agreement contains provisions requiring Franchisee to operate the Business and the Franchised Business in compliance with the System: (1) Franchisor does not have authority to control the day-to-day conduct and operation of Franchisee's business or employment decisions; and (2) Franchisee and Franchisor do not intend for Franchisor to incur any liability to third parties in connection with or arising from any aspect of the System or Franchisee's use of the System, whether or not in accordance with the requirements of the Manuals.

Nothing in this Agreement or any related Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document. The submission of this Agreement to Franchisee does not constitute an offer to Franchisee, and this Agreement shall become effective only upon execution by Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date.

FRANCHISOR:
FACE TO FACE FRANCHISING, LLC

By: _____
Name: Jenny Abraham
Title: Chief Executive Officer

FRANCHISEE:

By: _____
Name: _____
Title: _____

[or, if an individual]

Signed: _____

Name printed: _____

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this _____ day of _____, 20____ by _____, (“RELEASOR”) an individual/corporation/ limited liability company/partnership with a principal address of _____, in consideration of:

- ☐ the execution by Face To Face Franchising, LLC (“RELEASEE”) of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the “Franchise Agreement”) between RELEASOR and RELEASEE; or
- ☐ RELEASEE’S consent to RELEASOR’S transfer or assignment of its rights and duties under the Franchise Agreement; or
- ☐ RELEASEE’S consent to RELEASOR’S transfer or assignment of its ownership of all or any part of the Franchise; or
- ☐ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement; or
- ☐ RELEASEE’S consent to termination of the Franchise Agreement; or
- ☐ RELEASEE’S refund of _____ RELEASOR paid to RELEASEE,

and other good and valuable consideration, and accordingly:

RELEASOR hereby releases and discharges RELEASEE, RELEASEE’S officers, directors, managers, agents, legal representatives, attorneys, shareholders, members, partners, owners and employees (in their corporate and individual capacities), and RELEASEE’S successors and assigns, from any and all causes of action, suits, arbitrations, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise, the Franchised Business (as defined in the Franchise Agreement) or the Franchise Agreement, including, without limitation, claims arising under federal, state or local laws, rules or ordinances; and

RELEASEE hereby releases and discharges RELEASOR, RELEASOR’S officers, directors, managers, agents, legal representatives, attorneys, shareholders, members, partners, owners and employees (in their corporate and individual capacities), and RELEASOR’S successors and assigns, from any and all causes of action, suits, arbitrations, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASEE and RELEASEE’S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise, the Franchised Business (as defined in the Franchise Agreement) or the Franchise Agreement, including, without limitation, claims arising under federal, state or local laws, rules or ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR: _____

(type/print name)

By: _____

Name: _____

Title: _____

(or, if an individual)

Signed: _____

Name printed: _____

RELEASEE: Face To Face Franchising, LLC

By: _____

Name: Jenny Abraham

Title: Chief Executive Officer

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (“Agreement”) made as of the ____ day of _____, 20__, (the “Effective Date” is by and between _____, (“Franchisee”) and (“Individual”).

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Face To Face Franchising, LLC Franchise Agreement (“Franchise Agreement”) by and between Franchisee and Face To Face Franchising, LLC (“Company”); and

WHEREAS, Franchisee desires Individual to have access to or to review certain Trade Secrets and other Confidential Information of the Company, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to Company’s Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party, including any Covered Person or using such Trade Secrets or other Confidential Information to compete against Company, Franchisee or any other franchisee of Company in a Competitive Business now or in the future.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Recitals**

The above preamble and recitals are true and correct and incorporated into this Agreement

2. **Trade Secrets**

Individual understands Franchisee possesses and will possess the Company’s Trade Secrets, which is important to its business. For purposes of this Agreement, “Trade Secrets” is information, without regard to form including, but not limited to, technical or non-technical data, know-how, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, pro-formas, strategic plans, product plans, project plans, blueprints, lists of actual or potential customers or suppliers which are not commonly known by or available to the public and which information: (a) derives 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 (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Individual understands Franchisee’s providing of access to the Trade Secrets creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets.

3. **Confidential Information**

For purposes of this Agreement, “Confidential Information” means technical and non- technical information and know-how used in or related to the Face to Face Spa and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by the Company. Confidential Information shall not include, however, any information established by documentary evidence that: (a) is now or subsequently becomes generally available to the public through no fault of the Individual; (b) the Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is

independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

4. Confidentiality/Non-Disclosure

a) Individual shall not whether in person, in writing, through the Internet or online through Social Media sites and/or applications communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any of the Company's Trade Secrets or Confidential Information.

b) Individual's obligations under paragraph 4(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee as an employee, agent, officer, director, executive, manager or member of Franchisee or a holder of a legal or beneficial interest in Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Individual shall (and Franchisee is entitled to) communicate Individual's obligations under this Agreement to any future customer or employer of Individual to the extent deemed necessary by Franchisee for protection of Franchisee's rights and obligations herein.

5. Non-Competition

a) Individual agrees that for the period the Individual has a relationship with Franchisee and the period of five (5) years after the Individual no longer has a relationship with Franchisee and has ceased engaging in the conduct stated below, Individual shall not, directly or indirectly, own an interest in, manage, operate, provide services to, carry on, be engaged in or take part in, or share in the earnings of any Competitive Business anywhere within (1) the greater of: (i) thirty (30) mile radius of Franchisee's Accepted Location as described in the Franchise Agreement; or (ii) the Designated Territory, as detailed in Section 2.5 of the Franchise Agreement, also described as follows:

_____ ; and
(2) thirty (30) mile radius of any Face to Face Spa wherever located in existence at the time of termination of the relationship with Franchisee, without the express written consent of Franchisee. Further, the Individual agrees for the period the Individual has a relationship with Franchisee and the period of five (5) years after the Individual no longer has a relationship with Franchisee, the Individual shall not divert or attempt to divert any customer, employee or other business associate of Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other franchisee to any Competitive Business or solicit or otherwise attempt to induce or influence (by direct or indirect means) any customer, employee or other business associate of Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other franchisee to terminate or modify their business relationship with Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other franchisee.

b) "Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) esthetician, facials, spas, medi spa, chemical peels, micro-needling, dermaplaning, PRP (plasma rich protein) services, lip fillers, and/or botulinum toxin injectables/botox services the same as or similar to those provided by Face to Face™ Spas or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees or any business which grants franchises or licenses to others to operate such a business, other than a Face to Face Spa operated under a franchise agreement with Franchisor; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a franchise agreement with Franchisor, (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest, (c) or any business

operated by Franchisee or its Affiliate(s) that has been disclosed, in writing, to Franchisor prior to the Effective Date of this Agreement.

c) Except as set forth in paragraph 5 a), “Affiliate” means any business entity that controls, is controlled by, or is under common control with Individual.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) The Company reserves the right to reduce the scope of the obligations under the covenants contained in Articles 7 and 17 of the Franchise Agreement unilaterally and without the consent of any other person or entities effective upon giving notice thereof.

c) If all or any portion(s) of any provision(s) of this Agreement are held to be invalid, unreasonable, illegal or unenforceable under applicable law, such invalid, unreasonable, illegal or unenforceable portion(s) of any provision(s) shall be amended, limited or excluded from this Agreement to the minimum extent required by applicable law so that this Agreement shall otherwise remain in full force and effect and enforceable in accordance with its terms.

d) This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns, Face To Face Franchising, LLC and the trademark owners Face to Face Spa, LLC.

e) Individual shall reimburse Franchisee or Company for any and all costs and attorney fees incurred by Franchisee or Company in the enforcement of the terms of this Agreement.

f) The failure of either party to insist in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. Whenever the context of this Agreement requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural. Capitalized terms not herein defined shall have the meaning set forth in the Franchise Agreement.

h) The Company shall be a third-party beneficiary of this Agreement.

i) If individual violates this Agreement and competes with Franchisor, its Assigns, or any Franchisees, Franchisor has the right to require that all sales made by the competitive business are reported to Franchisor. You will also pay to Franchisor, without demand, a fee of \$20,000 per breach without being deemed to revive or modify this Agreement. These payments are liquidated damages to compensate Franchisor for its damages from your violation of this covenant not to compete and are not a penalty. You agree that the length of time and geographical restrictions contained in this Agreement are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You agree that your full, uninhibited and faithful observance of each of the covenants in this section will not cause any undue hardship financial or otherwise and that the enforcement of each of these covenants in this section will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you or otherwise to obtain income required for the comfortable support of yourself and your family and the satisfaction of your creditors. You agree that your special knowledge of the business of a Face to Face franchise would cause us and our franchisees serious injury and loss if you, or anyone acquiring this

knowledge through you, were to use this knowledge to the benefit of a competitor or were to compete with Franchisor or any of our other Franchisees.

j) if any court finally holds that the time or territory or any other provision in this Section is an unreasonable restriction upon you, you agree that the provisions of this Agreement are not rendered void, but apply as to time and territory or to any other extent as the court may judicially determine or indicate is a reasonable restriction under the circumstances involved.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

IN WITNESS WHEREOF, Franchisee has caused this Agreement to be executed by its duly authorized officer, manager or executive and Individual has executed this Agreement, all being done in triplicate originals with one (1) original being delivered to each party and Company as of the Effective Date.

WITNESS:

Franchisee

By: _____
Its: _____

Individual

Signature: _____
Printed Name: _____

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

This GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”) is given this day of _____, 20____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (“Agreement”) by Face To Face Franchising, LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, such as those contemplated by Articles 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) his direct and immediate liability under this Guaranty shall be joint and several; (b) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned further consents and agrees he shall be a party to any of the actions or claims between Franchisor and Franchisee for injunctive relief or specific performance or relating to the ownership of any of Franchisor’s Marks or the unauthorized use or disclosure of Franchisor’s Trade Secrets or Confidential Information, or which are to be resolved by non-binding mediation as set forth in the Agreement. Each of the undersigned also agrees to be personally bound by the waiver of jury trial as set forth in Section 23.6 of the Agreement.

Whenever the context of this Guaranty requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural.

Capitalized terms not defined herein shall have the meaning set forth in the Agreement.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered by each of the undersigned, intending to be legally bound hereby, on the date set forth in the introductory paragraph of this Guaranty.

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

*** Note: All Owners with 5% interest in the legal entity or more must fill this page out.**

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

**HOLDERS OF ANY LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; AND
OFFICERS, DIRECTORS AND MANAGERS**

Holders of Legal or Beneficial Interest:

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Officers, Directors and Managers:

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

EXHIBIT 5 TO THE FRANCHISE AGREEMENT

MULTI-STATE ADDENDUMS

TO AVOID DUPLICATION IN THE FRANCHISE DISCLOSURE DOCUMENT THESE ARE LOCATED AT EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT ON THE EXECUTION COPY THE APPLICABLE STATE ADDENDUM WILL BE LOCATED AT THIS EXHIBIT 5 TO THE FRANCHISE AGREEMENT

EXHIBIT 6 TO THE FRANCHISE AGREEMENT

MARKS

Franchisee has the right to operate a Franchise Business exclusively under the trade name and service mark “Face to Face Spa” and under any other trade names, trademarks, service marks, logotypes, or other commercial symbols (the “Marks”) currently authorized for use or that Face To Face may later authorize for use in the operation of Franchise Business under the System. Franchisor’s Affiliate, Face To Face Spa, LLC, is the sole and exclusive owners and licensor of all right, title, and interest in the Mark(s). The following Mark(s) are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”). All necessary renewal applications have been filed with respect to the following Mark:

CLASS AND DATE	REGISTRATION NUMBER	DESCRIPTION
1. International Class: 100, 101, 102 Filing Date: 12/23/2013	46-86979	“FACETOFACE SPA”

No state registrations of any of the Federal Marks have been applied for or granted.

Franchisor, as licensee to all right, title and interest to the Marks, except as described above, claims common law rights to the Marks and trade dress including: product names, business advertising materials and photographs. All necessary renewal applications have been filed with respect to the federal and state registrations. Franchisee is authorized to use the Marks appearing above, and each Mark subsequently developed and designated by Franchisor, in the operation of Franchisee’s Business.

Franchisor’s Affiliate, Face to Face Spa, LLC, has granted Franchisor a license to use and sublicense to use the above-mentioned Marks, dated June 1, 2014. The term of the license is for 99 years; however, the license agreement may be terminated if we take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of our properties and is not discharged within 90 days, if we wind up, sell, consolidate or merge our business, or if we breach any of our duties and obligations under the license and do not cure the breach within 60 days following written notice of the breach. Additionally, within the license agreement, the term “Marks” shall include any other trade names, service marks, trademarks, designs, logos, slogans and commercial symbols now in existence or hereafter adopted by Face to Face Spa, LLC that are used in connection with the System. Thus, this license agreement licensed to us any future trademarks acquired by Face to Face Spa, LLC as well.

Franchisor may change or modify the System presently identified by the Marks, including the adoption and use of new or modified trade names, service marks, trademarks or copyrighted materials, new programs or systems for the Franchise Business, new product lines, new employee training, new equipment or new techniques and Franchisee must accept, use and display those changes in the System, as if they were part of the Franchise Agreement at the time of its signing. Franchisee will make the changes at Franchisee’s expense except that Franchisor will reimburse Franchisee for Franchisee’s cost of replacing the exterior signage only.

MARK USE GUIDELINES

Proper use of a mark involves some basic rules which center around ensuring that the mark is recognized by the public as an indication of single source and is distinguished from the mere name of a product or service.

Although these rules will vary somewhat for different types of marks and use situations, the recommended guidelines are presented below. Franchisor may modify such guidelines and impose additional restrictions with respect to such Marks in its sole discretion.

Use the mark only as a proper adjective followed by a noun, and not as a possessive, a description (noun), a plural or a verb. Make sure that the symbol “TM” (designating trademark used to indicate source of products) or “SM” (designating service mark used to indicate source of services), or TM designating use of a federally registered Mark, as appropriate, prominently appears at least once in close association with the mark.

Make the mark stand out from the rest of the text (bolder type, ALL CAPS, italics, underline, etc.

Avoid variations in spelling or display. By way of example, the following is proper:

Face to Face SpaTM

Face to Face SpaTM salon

The following is not proper:

Take your business to Face to Face Spa. (noun, no special typography, no service mark indication)

There are numerous Face to Face Spas around the country. (noun, plural, no special typography, variation, no service mark symbol)

Face to Face Spas services (possessive, variation, no service mark symbol)

It is not necessary that the TM be used so often as to become obtrusive; once or twice in a short document is enough. When it is not obvious from the text, it is important that a legend indicating ownership of the marks appears somewhere reasonably visible on the document; namely, Face to Face SpaTM (and design) are trademarks and service marks of Face to Face Spa, LLC.

EXHIBIT 7 TO THE FRANCHISE AGREEMENT

**AUTHORIZATION AGREEMENT
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)**

Franchisor Name: Face To Face Franchising, LLC

I(We) hereby authorize Face To Face Franchising, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) ☐Checking Account/☐Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: _____ Branch: _____
City: _____ State: _____ Zip: _____ Phone: _____
ACH/Routing Number: _____ Account Number: _____
(Must be nine digits)

This authorization is to remain in full force and effect until the Franchisor has received written notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 3 and 11 of the Franchise Agreement.

Print Franchisee / Account Holder Name

Print Franchisee / Co-Account Holder Name

Franchisee / Account Holder Signature Date

Franchisee / Account Holder Signature Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

**Please Return Form to: Face To Face Franchising, LLC
3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746
Phone #: (800) 797-1345**

EXHIBIT 8 TO THE FRANCHISE AGREEMENT

TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned (“Franchisee”) irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Face To Face Franchising, LLC (“Franchisor”), upon the following terms:

1. This assignment is made under the terms of the Face To Face Franchising, LLC Franchise Agreement dated _____ authorizing Franchisee to do business as “Face to Face Spa” (the “Franchise Agreement”), which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Franchised Business covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, Franchisee’s limited right to use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor request, Franchisee will immediately sign all documents, pay all monies, and take all other action necessary to transfer the listings and numbers to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are: _____ Franchisee shall provide Franchisor with all numbers on the rotary series and all numbers the Franchisee uses in the Franchised Business in the future within five (5) business days of creation of that number.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listings Franchisee incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listings and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory or online advertising.

5. Franchisee appoints Franchisor as Franchisee’s Attorney-In-Fact to act in Franchisee’s place for the purpose of assigning any telephone number covered by Paragraph 3 above to Franchisor or Franchisor’s designees or Transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for five (5) years from the date of expiration, cancellation or termination of Franchisee’s rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by Franchisee’s later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below.

FRANCHISEE: EACH OF THE BELOW PERSONS AGREES TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT, IN BOTH INDIVIDUAL AND REPRESENTATIVE CAPACITIES.

Signed the ____ day of _____, 20__.

PRESIDENT / MANAGING MEMBER

Personally and Individually (Printed Name)

Personally and Individually (Signature)

In your Representative Capacity (Printed Name)

In your Representative Capacity (Signature)

VICE-PRESIDENT CO-MEMBER

Personally and Individually (Printed Name)

Personally and Individually (Signature)

In your Representative Capacity (Printed Name)

In your Representative Capacity (Signature)

EXHIBIT 9 TO THE FRANCHISE AGREEMENT

CREDIT AND SECURITY AGREEMENT

THIS CREDIT AND SECURITY AGREEMENT is entered into on **{Date}** between **FACE TO FACE FRANCHISING, LLC**, a Texas Limited Liability Company (“Franchisor”) and **{FRANCHISEE NAME}**, a **{State of Inc}** corporation (“Franchisee”). In consideration of the Face to Face franchise granted to Franchisee by Franchisor pursuant to that certain Face to Face Franchise Agreement dated **{Date}** (the “Franchise Agreement”) and/or the extension of credit by Franchisor or its Affiliates to Franchisee, and other good and valuable consideration, Franchisor, Franchisor’s Affiliate and Franchisee agree as follows:

1. **DEFINITIONS.** In this Agreement:

A. The term “**Obligations**” refers to the following obligations that are secured by this Agreement:

- (1) all amounts owed by Franchisee to Franchisor and its affiliates from time to time under the Franchise Agreement or any other agreement between Franchisee and Franchisor or any of its affiliates;
- (2) all amounts owed by Franchisee to Franchisor from time to time arising from the purchase of products and services by Franchisee from Franchisor;
- (3) all costs incurred by Franchisor to obtain, preserve, perfect, and enforce this Agreement and the security interest granted herein, to collect the Obligations, and to maintain, preserve, collect, and secure the Collateral (as defined below), including, but not limited to, repairs, replacements, taxes, assessments, insurance premiums, repairs, reasonable attorneys’ fees and legal expenses, rent, storage costs, and expenses of sale;
- (4) all other debts, obligations, liabilities, and agreements of Franchisee to Franchisor now or hereafter arising, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, direct or indirect; and
- (5) interest on the above amounts at a per annum rate of interest equal to eight percent (8%).

B. The term “**Collateral**” refers to the following property of Franchisee:

- (1) all products in Franchisee possession whether sold by Franchisor or an Affiliate or not;
- (2) all other assets and collateral, including inventory, equipment, goods, fixtures, of Franchisee whenever acquired, wherever located, and whether now or hereafter existing which is acquired by Franchisee pursuant to or in connection with the business conducted under the Franchise Agreement;
- (3) all accessions, attachments, and other additions to, substitutes for, replacements for, and improvements to the foregoing;
- (4) all documents, contract rights, instruments, accounts, general intangibles, and chattel paper, now existing or hereafter arising, with respect to the sale, lease, or consignment of any of the foregoing;
- (5) all policies of insurance covering the foregoing; and

(6) all proceeds of any of the foregoing.

C. All other capitalized terms used herein but not defined above shall have the same meaning as in the Franchise Agreement.

2. SECURITY INTEREST.

Subject to the terms of this Agreement, Franchisee assigns and grants to Franchisor a security interest and lien on the Collateral to secure the payment and the performance of the Obligations. Franchisor will have the right to file a UCC-1 form on all items of security, as well as, filing a construction or mechanic's lien, whichever is applicable in the jurisdiction, on the Collateral until such time that Franchisor has been paid in full for the Collateral.

3. INVENTORY LOCATION.

A. Franchisee represents and warrants to Franchisor as follows:

(1) Franchisee's principal place(s) of business is/are: (include City, County, State)

{ADDRESS}, {COUNTY}, {STATE}.

(2) The Collateral will be kept at Franchisee's principal place(s) of business or the project location or ship to address for the project being designed and ordered for.

(3) The office where Franchisee keeps the records concerning accounts and contract rights is in **{City}, {County}, {State}.**

B. Franchisee will promptly notify Franchisor of any addition to, change in, or discontinuance of any address of Franchisee, place or places where Collateral is kept, Franchisee's principal place of business, or location of the office where records concerning accounts and contract rights are kept.

4. RECORDS AND INSPECTIONS.

Franchisee at all times will maintain reasonable, current and accurate books and records covering the Collateral. From time to time upon the request of Franchisor, Franchisee shall deliver detailed descriptions and lists of the items included in the Collateral, as well as such other reports and information deemed by Franchisor to be necessary or appropriate to enable Franchisor to determine the value and location of the Collateral. Franchisor and its agents and representatives may inspect the Collateral and Franchisee's records with respect to the Collateral during normal business hours.

5. TITLE.

At the time Franchisee grants to Franchisor a security interest in any Collateral, Franchisee shall be the absolute owner thereof and shall have the right to grant such security interest. Franchisee shall defend the Collateral against all claims and demands of all persons at any time claiming any interest in any of the Collateral that is adverse to Franchisor. Franchisee shall keep the Collateral free from all liens, claims, and security interests, except as to any applicable personal property taxes not yet due and the security interest created hereby.

6. FINANCING STATEMENTS.

- A. Franchisee warrants that no financing statement covering the Collateral is or will be on file in any public office, except the financing statements relating to the security interest granted to Franchisor herein.
- B. Franchisee shall sign all financing statements and any other papers furnished by Franchisor that are necessary in the judgment of Franchisor to obtain, maintain, and perfect the security interest granted herein and to enable Franchisor to comply with any federal or state law in order to obtain or perfect Franchisor's interest in the Collateral or to obtain the proceeds of any Collateral.

7. TAXES AND INSURANCE.

- A. Franchisee will pay when due all taxes and assessments on or with respect to the Collateral for its use, operation, and maintenance.
- B. Franchisee shall insure the Collateral with companies acceptable to Franchisor against such casualties and in such amounts as Franchisor shall require. All insurance policies shall be written for the benefit of Franchisee, and Franchisor as their interests may appear, or in other form satisfactory to Franchisor, and such policies or certificates evidencing the same shall be furnished to Franchisor. All policies of insurance shall provide for written notice to Face to Face at least thirty (30) days prior to cancellation. Risk of loss or damage is Franchisee's to the extent of any deficiency in any effective insurance coverage. Franchisor is appointed Franchisee's attorney-in-fact to collect any returned or unearned premiums or the proceeds of such insurance and to endorse any draft or check payable to Franchisee therefor, and Franchisor may apply such sums to the Obligations secured herein in such order and in such manner as Franchisor in its sole discretion shall decide.

8. PROTECTION OF COLLATERAL.

- A. Franchisee will keep the Collateral in good order and repair and will not waste or destroy Collateral or any part or proceeds thereof.
- B. Franchisee appoints Franchisor as Franchisee's attorney-in-fact with full power in Franchisee's name and on Franchisee's behalf to do every act that Franchisee is obligated or allowed to do hereunder, and to exercise all rights of Franchisee with regard to the Collateral and to make collections and to execute any and all papers and instruments and to do all other things necessary to preserve and protect the Collateral and to protect Franchisor's security interest in the Collateral; provided, however, that nothing in this Section 8.B. shall be construed to obligate Franchisor to take any action hereunder. In their sole discretion, Franchisor may undertake to perform any covenants, warranties, or actions required of Franchisee hereunder, to make payments required of Franchisee hereunder, or to pay for the repair, maintenance, and preservation of the Collateral. All sums and costs so expended, including, but not limited to, attorneys' fees, court costs, agent's fees, and commissions, shall bear interest from the date of expenditure until paid at the maximum rate of interest allowed by applicable law. All amounts due under this Section 8.B. are secured by this Agreement and shall be payable to Franchisor at its address indicated in the Franchise Agreement.

9. PAYMENT.

- A. Franchisee shall make all payments required under the Note or any other agreement with Franchisor and their affiliates in the manner and within the time period provided in the Note and such other agreements.

- B. If Franchisor in its sole discretion makes any payments pursuant to Section 1.B(4) or Section 8 hereof, or makes any payments on behalf of Franchisee to suppliers or any other parties, Franchisee agrees to pay to the order of Franchisor the amount so expended within ten (10) days after Franchisor gives notice of such expenditure to Franchisee.
- C. Upon default hereunder or expiration or sooner termination of the Franchise Agreement, Franchisee agrees to pay to the order of Franchisor all amounts outstanding under the Obligations immediately upon the giving of notice by Franchisor to Franchisee.

10. **DEFAULT.**

The following are events of default hereunder:

- A. default in the timely payment of the Obligations or any part thereof; or
- B. default in the timely performance or observance of the terms and conditions of this Agreement, the Franchise Agreement, or of any other agreement between Franchisee and Franchisor or its affiliates; or
- C. the occurrence of any event or condition that results in the termination of, or constitutes grounds for the termination of, the Franchise Agreement, or would so result if not prevented by applicable law; or
- D. any warranty, representation, or statement made or furnished to Franchisor herein, heretofore, or hereafter proves to have been false in any material respect when made or furnished; or
- E. loss, theft, destruction, or encumbrance of any of the Collateral in violation hereof; or
- F. sale or transfer of any of the Collateral, except for the sale of inventory in the ordinary course of Franchisee's business; or
- G. belief by Franchisor that the prospect of payment of the Obligations or performance of this Agreement or of any of the Obligations is impaired; or
- H. death, incapacity, dissolution, merger, consolidation, termination of existence, insolvency, or business failure of Franchisee or of any other person or entity liable on any of the Obligations; or
- I. commencement of proceedings for the appointment of a receiver for any property of Franchisee; or
- J. commencement of any proceeding under any bankruptcy or insolvency law by or against Franchisee (or any corporate action shall be taken to effect same), or any partnership of which Franchisee is a partner, or by or against any person or entity liable upon the Obligations or any part thereof, or liable upon Collateral; or
- K. levy on, seizure, or attachment of any property of Franchisee; or
- L. a judgment against Franchisee becomes final and remains unpaid for thirty (30) days.

11. **REMEDIES.**

- A. When an event of default occurs, and at any time thereafter, Franchisor without notice or demand, may exercise any one or more of the following remedies:
 - (1) declare one or more of the Obligations, in whole or in part, immediately due and may enforce payment of the same;
 - (2) exercise all rights and remedies provided by this Agreement, by the Franchise Agreement, by Franchisor's state Business and Commerce Code, or by the Uniform Commercial Code or other law or regulation regulating secured transactions of any other applicable jurisdiction; and
 - (3) require Franchisee to assemble the Collateral and make it available at a place to be designated by Franchisor that is reasonably convenient to Franchisee.
- B. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, reasonable notification of the time and place of any public sale or reasonable notification of the time after which any private sale or other intended disposition is to be made shall be given by Franchisor to Franchisee. It is agreed that notice sent or given not less than five (5) calendar days prior to the taking of the action to which the notice relates, or such longer period of time as is required by applicable law, is reasonable notification and notice for the purposes of this Section 11.B.
- C. Expenses or retaking, holding, preparing for sale or lease, selling, leasing, and the like shall include Franchisor's reasonable attorneys' fees and legal expenses.
- D. Franchisor may surrender any insurance policies upon any of the Collateral and receive the unearned premium thereon. Franchisee shall be entitled to any surplus and shall be liable to Franchisor for any deficiency. The proceeds of any disposition after default available to satisfy the Obligations shall be applied to the Obligations in such order and in such manner as Franchisor in its sole discretion shall decide.

12. MISCELLANEOUS.

- A. Franchisor shall have the right at any time to execute and file this Agreement as a financing statement, but the failure to do so shall not impair the validity or enforceability of this Agreement.
- B. The parties hereto do not intend to contract for, charge, or receive any interest or other charge that is usurious, and by execution of this Agreement Franchisee acknowledges that Franchisor has no such intent. In no event whatsoever, whether by reason of acceleration of maturity or otherwise, shall the amount paid or agreed to be paid to Franchisor for the use, forbearance, or detention of the money to be due hereunder or otherwise, or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing, or pertaining to any of the Obligations (all such other documents being hereinafter called the "Loan Documents"), exceed the maximum interest rate allowed by the laws of any applicable jurisdiction (hereinafter called the "Maximum Rate"). If, from any circumstance whatsoever, fulfillment of any provisions hereof or of the Loan Documents, at the time performance of such provisions shall be due, shall result in the interest to be paid exceeding the Maximum Rate, then such provisions shall be modified so that the rate of interest shall be reduced to the Maximum Rate, and if from any such circumstance Franchisor ever shall receive as interest or

otherwise an amount that would cause the Maximum Rate to be exceeded, the portion of such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness of Franchisee to Franchisor and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded to Franchisee. All sums paid and agreed to be paid to Franchisor for the use, forbearance, or detention of the indebtedness of Franchisee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the whole term of such indebtedness so that the actual rate of interest on account of such indebtedness is uniform throughout the term thereof. The terms and provisions of this paragraph shall control and supersede any other provision of this Agreement or the Loan Documents.

- C. All rights and remedies of Franchisor hereunder are cumulative of each other and of every other right or remedy that Franchisor otherwise may have at law or in equity or under any other contract or document for the enforcement of the security interest granted herein or the collection of the Obligations, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.
- D. Should any part of the Obligations be payable in installments, the acceptance by Franchisor at any time and from time to time of part payment of the aggregate amount of all installments then matured shall not be deemed to be a waiver of the default then existing. No waiver by Franchisor of any default shall be deemed to be a waiver of any other subsequent default, nor shall any such waiver by Franchisor be deemed to be a continuing waiver. No delay or omission by Franchisor in exercising any right or power hereunder, or under any other documents executed by Franchisee as security for or in connection with the Obligations, shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such right or power preclude other or further exercise thereof or the exercise of any other right or power of Franchisor hereunder or under such other document.
- E. Except as otherwise provided herein, Franchisee waives notice of the creation, advance, increase, existence, extension, or renewal of, or of any indulgence with respect to, the Obligations; waives presentment, demand, notice of dishonor, and protest; waives notice of the amount of the Obligations outstanding at any time, notice of any change in financial condition of any person liable for the Obligations or any part thereof, notice of any event of default, notice of intent to accelerate and of acceleration, and all other notices with respect to the Obligations; and agrees that maturity of the Obligations and any part thereof may be accelerated, extended, or renewed one or more times by Franchisor in its discretion, without notice to Franchisee.
- F. No renewal or extension of or any other indulgence with respect to the Obligations or any part thereof, no release of any security, no release of any person (including any maker, endorser, guarantor, or surety) liable on the Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligations or any security therefore or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of Franchisor under the law, hereunder, or under any other agreement pertaining to the Collateral. Franchisor need not file suit or assert a

claim for personal judgment against any person for any part of the Obligations or seek to realize upon any other security for the Obligations before foreclosing upon the Collateral for the purpose of paying the Obligations. Franchisee waives any right to the benefit of or to require or control application of any other security or proceeds thereof, and agrees that Franchisor shall have no duty or obligation to Franchisee to apply to the Obligations any such other security or proceeds thereof.

- G. This Agreement shall be binding on Franchisee and Franchisee's heirs, executors, administrators, other legal representatives, successors, and assigns and shall inure to the benefit of Franchisor and its successors and assigns. If there be more than one operating principal of Franchisee, their obligations and agreements hereunder are joint and several and shall be binding upon their respective heirs, executors, administrators, other legal representatives, successors, and assigns, and delivery or other accounting of Collateral to any one or more of them shall discharge Franchisor of all liability therefore.
- H. This Agreement shall not become effective until the Franchise Agreement is approved in writing by a corporate officer of Franchisor, whereupon this Agreement shall be effective as of the day and year first above written.
- I. All demands and notices required or permitted hereunder shall be given in the same manner as provided in the Franchise Agreement.
- J. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, such provision shall be fully severable, and this Credit and Security Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof and the remaining provisions of this Credit and Security Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance from this Credit and Security Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Credit and Security Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, or enforceable.
- K. THE EVENT OF A DEFAULT HEREUNDER, IN ADDITION TO ALL OTHER REMEDIES AVAILABLE TO FRANCHISOR, FRANCHISOR SHALL HAVE THE RIGHT TO ENTER UPON THE PREMISES WHERE THE COLLATERAL THAT IS INVENTORY IS LOCATED, TAKE POSSESSION OF SUCH COLLATERAL, AND REMOVE THE SAME WITH OR WITHOUT JUDICIAL PROCESS (IF SUCH TAKING WITHOUT JUDICIAL PROCESS CAN BE DONE REASONABLY AND WITHOUT BREACH OF THE PEACE), AND FRANCHISEE DOES HEREBY EXPRESSLY WAIVE ANY RIGHT TO ANY NOTICE, LEGAL PROCESS, OR JUDICIAL HEARING PRIOR TO SUCH TAKING OR POSSESSION BY FRANCHISOR. FRANCHISEE UNDERSTANDS THAT THE RIGHT TO PRIOR NOTICE AND HEARING IS A VALUABLE RIGHT AND AGREES TO THE WAIVER THEREOF AS A PART OF THE CONSIDERATION FOR AND AS AN INDUCEMENT TO FRANCHISOR TO EXTEND CREDIT NOW AND HEREAFTER TO FRANCHISEE. FRANCHISEE ACKNOWLEDGES RECEIPT OF A SIGNED COPY OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date.

FRANCHISEE: _____

By: _____

Name: _____

Title: _____

[or, if an individual]

Signed: _____

Name printed: _____

FACE TO FACE FRANCHISING, LLC:

By: _____

Name: Jenny Abraham

Title: Chief Executive Officer

EXHIBIT 10 TO THE FRANCHISE AGREEMENT

LEASE ADDENDUM

This Lease Addendum (“Addendum”), dated the ____ day of _____, 20____, is entered into between _____ (“Landlord”) and _____ (“Tenant”).

RECITALS

WHEREAS, Landlord and Tenant have entered into a Lease dated _____, 20____ (the “Lease”), relating to the premises located at _____ (the “Premises”).

WHEREAS, Landlord acknowledges that Tenant intends to operate a Face to Face Spa (“Store”) from the Premises pursuant to Tenant’s Franchise Agreement with Face To Face Franchising, LLC, a Texas limited liability company (“Franchisor”) dated _____ (the “Franchise Agreement”), which provides for, among other things, the operation by Tenant of a Face to Face Spa franchised business under Franchisor’s criteria and guidelines utilizing the Face to Face name and Trademarks as Franchisor may designate in the operation of the Store at the Premises.

WHEREAS, Landlord further acknowledges that Franchisor has approved Tenant’s request to locate its Store on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Permitted Use. The Premises will be used solely for the operation of a retail business specializing in performing services related to facials, chemical peels, micro-needling, dermaplaning, PRP (plasma rich protein) services, lip fillers, and/or botulinum toxin injectables/botox services as well as the sale of related products. The business operated by Tenant from the Premises will be identified solely by the service mark Face to Face™. Landlord will not permit Tenant to change the service mark or trade name it uses at the Premises without the prior written approval of Franchisor.

2. Remodeling and Décor.

(a) Landlord agrees that Tenant has the right to remodel, equip, paint, and decorate the interior of the Premises and to display such Trademarks and signs on the interior and exterior of the Premises as Tenant is required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Store on the Premises. Any remodel of the building and/or its signage shall be subject to Landlord’s prior and reasonable approval.

(b) Tenant may, without Landlord’s consent, install signage on the exterior of the Premises with Franchisor’s standard lettering, logo and colors; provided, however, such signage must comply with the objective criteria, but not any subjective criteria, set forth in Landlord’s sign criteria, sign program or sign plan, if any, for the project within which the Premises are located.

3. Assignment By Tenant.

(a) Tenant does not have the right to sublease or assign the Lease to any third party without Landlord’s and Franchisor’s written approval.

(b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title, and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord’s consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its

acceptance of the assignment. Franchisor will be responsible for the Lease obligations incurred after the effective date of the assignment.

(c) If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to the Landlord.

4. Default and Notices to Franchisor.

(a) Landlord shall send Franchisor copies of any and all default notices under its Lease with Tenant at the same time it provides Tenant with such notice. If Tenant fails to cure any breach or default under the Lease within the applicable cure period set forth in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure to which Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have twenty (20) days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right to assume the Lease. Franchisor shall have an additional thirty (30) days from the expiration of Tenant's cure period in which to cure the default or violation.

(b) If Franchisor elects to assume the Lease, Franchisor or its designated entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor or its designated entity. At any time until Landlord delivers possession of the Premises, Franchisor or its designated entity shall have the right to rescind the election to assume by written notice to Landlord.

5. Termination of Franchise Agreement; Expiration or Non-Renewal of Lease.

(a) If Tenant is in default under the Franchise Agreement, Franchisor may, at its option, send written notice to Landlord and Tenant stating that Franchisor elects for the Tenant's interest under the Lease to be assigned to Franchisor or its designated entity. If Tenant fails to vacate the Premises and surrender possession thereof to the Franchisor or its designated entity within three (3) days after receipt of written notice of Franchisee's default, Tenant shall be deemed to be in default of the Lease. Following Landlord's delivery of a written notice of default, an assignment of the Lease shall be effected pursuant to Section 7 below. Tenant hereby irrevocably authorizes Landlord to rely on any written notice of default it receives from Franchisor, and Landlord may disregard any notices or demands it receives from Tenant once Landlord has received said written notice of default.

(b) If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within twenty (20) days after receipt of such notice, Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease. If Franchisor or its designated entity elect to assume the Lease, Franchisor or its designated entity must cure said defaults consistent with paragraph 3 above.

(c) If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Franchisor written notice thereof, and Franchisor shall have the option, for thirty (30) days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If the Franchisor elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor or its designated entity shall promptly execute and deliver an agreement whereby the Franchisor or its designated entity assumes the Lease, effective at the commencement of the extension or renewal term.

6. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the

Premises and, if the Franchisor does not elect to assume the Lease for the Premises consistent with subparagraphs 4(a) or 5(b) above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Franchisor's willful misconduct or gross negligence, to remove all signs and all other items identifying the premises as a Face to Face Spa and to make such other modifications (such as repainting) as are reasonably necessary to protect the Trademarks and system, and to distinguish the Premises from other Face to Face Spa locations. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord will permit Franchisor to remove all such assets being purchased by Franchisor.

7. Assumption and Subsequent Assignment by Franchisor. If Franchisor elects to assume the Lease under paragraph 3, or unilaterally assumes the Lease as provided for in paragraphs 4 or 5, Landlord and Tenant agree that:

(a) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

(b) Franchisor, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor shall pay, perform, and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

(c) At or after the time Franchisor assumes Tenant's interests under the Lease, the Franchisor may, at any time, assign such interests or sublet the Premises to a Face to Face franchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy franchisee who otherwise meets Franchisor's then-current standards and requirements for the franchisees and agrees to operate the Store as a Face to Face Spa pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions, and agreements on the part of Tenant to be performed under the Lease, Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

8. Access to Premises During Lease. As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement.

9. Exclusivity. During the Term of this Lease and any extension thereof, Landlord agrees that (i) Tenant shall have the exclusive right in the shopping center to provide spa related services, and (ii) spa related services and products hereunder shall be considered a protected use for Tenant. If the provisions of this Section, including the protected use provision, are violated, then in addition to any other remedy Tenant may have at law or in equity, Tenant shall have the right to (a) terminate the Lease, or (b) immediately reduce its Base Rent under the Lease to One Dollar (\$1.00) per month until such time as Landlord's breach is cured, or for the remainder of the Term, and any renewals, if such breach cannot be cured.

10. Additional Provisions.

(a) Landlord hereby acknowledges that the provisions of this Lease Addendum are required pursuant to the Franchise Agreement under which Tenant plans to operate its Face to Face Spa and the Tenant would not lease the Premises without this Addendum.

(b) Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and that Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Landlord has entered into this Lease Addendum with full understanding that it creates no duties, obligations, or liability of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by, Franchisor.

(c) All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepared, to the following address:

Face to Face Franchising, LLC

Attn: Jenny Abraham, CEO

3801 N. Capitol of TX Hwy, Suite F-110

Austin, Texas 78746

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

11. Sales Reports. If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales from the Store.

12. Amendment of Lease. Landlord and Tenant will not amend the Lease without first obtaining written consent from Franchisor of the terms of said Amendment.

13. Conflicts. In the event of a conflict between the terms of the Lease and the terms set forth in this Addendum, the terms set forth in this Lease Addendum shall govern. In the event of a conflict between notices proved to Landlord by Tenant and Franchisor, the notices of Franchisor shall prevail.

14. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Lease Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Lease Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Lease Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Lease Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Lease Addendum. This Lease Addendum may only be amended by written agreement duly executed by each party.

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of _____.

LANDLORD: _____ **FRANCHISEE** _____

By: _____ By: _____

Print Name: _____ Print Name: _____

Its: _____ Its: _____

EXHIBIT D

**TO FACE TO FACE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
AREA DEVELOPMENT AGREEMENT**



By and Between

FACE TO FACE FRANCHISING, LLC, FRANCHISOR

AND

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DEVELOPMENT SCHEDULE

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HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN DEVELOPER; OFFICERS, DIRECTORS
AND MANAGERS

MULTI-STATE ADDENDUMS

**FACE TO FACE FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement is made this ____ day of _____, 20__ and is by and between Face To Face Franchising, LLC, a Texas limited liability company, having its principal place of business at 3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746 (“Franchisor”), and _____, a _____, established in the State of _____ and whose principal address is _____ (“Developer”).

WITNESSETH:

WHEREAS, Franchisor and Developer are concurrently entering into the Initial Franchise Agreement; and

WHEREAS, Developer desires to, and has applied for the right to, develop additional Face to Face Spas and has applied for such a right, and Franchisor has approved Developer’s application in reliance upon all of the representations made herein and therein.

NOW, THEREFORE, Franchisor and Developer, intending to be legally bound, agree as follows:

ARTICLE 1 - DEFINITIONS

Whenever used in this Development Agreement, the following words and terms have the following meanings:

“Developer” means the individual or entity defined as “Developer” in the introductory paragraph of this Development Agreement;

“Development Agreement” means this Development Agreement titled “Face To Face Franchising, LLC Area Development Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

“Development Fee” has the meaning given to such term in Section 3.2;

“Development Rights” means the rights granted to Developer pursuant to this Development Agreement to establish and operate Face to Face Spas in the Development Territory;

“Development Schedule” means the schedule attached as Exhibit I setting forth the number and the Opening Dates of Face to Face Spas to be established pursuant to this Development Agreement;

“Development Territory” has the meaning given to such term in Section 2.1;

“Franchise Agreement” means any Face To Face Franchising, LLC Franchise Agreement (including all Exhibits thereto) that Franchisor has entered into with Developer;

“Initial Franchise Agreement” means that certain Face To Face Franchising, LLC Franchise Agreement (including all Exhibits thereto) between Developer and Franchisor whereby Developer is granted the right to operate its first Face to Face Spa; and

“Opening Date” means any date by which Developer is required to begin operations for each Face to Face Spa, as listed in the Development Schedule;

“Social Media” means online content created by individuals and/or entities using highly accessible and scalable publishing technologies through their desktop computer, laptop computer, smart phones, mobile phones, or by other means available in the future. Social Media allows individuals and/or entities to connect in the online world to form relationships for personal and business use. The definition of Social Media includes user-generated content and consumer-generated media. Social Media occurs in many different forms, including, but not limited to, Internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos. Technologies for Social Media include, but are not limited to: blogs, picture-sharing, vlogs, wall-postings, e-mail, instant messaging, music- sharing, crowdsourcing, and voice over IP, to name

a few. Some examples of Social Media sites and/or applications are Google Groups (reference, social networking), Wikipedia (reference), MySpace (social networking), Pinterest (social file sharing), Facebook (social networking), MouthShut.com and yelp.com (product reviews), Youmeo (social network aggregation), YouTube (social networking and video sharing), Avatars United (social networking), Second Life (virtual reality), Flickr (photo sharing), X (social networking and microblogging), LinkedIn (business social media), Open Diary (blogging) and other microblogs such as Jaiku, among others. This list is not inclusive and shall mean all Social Media available now and created in the future;

"Transferee" means the individual or entity third party buyer, who purchases this Area Development Agreement if the Developer chooses to sell.

ARTICLE 2 - DEVELOPMENT RIGHTS

Section 2.1 Grant of Development Rights

Franchisor hereby grants to Developer, and Developer undertakes and accepts, upon the terms and conditions of this Development Agreement, the Development Rights to establish and operate not less than the total number of Face to Face™ Spas at sites located within the Development Territory described as set forth on Exhibit I.

Section 2.2 Exclusivity And Retained Rights

Franchisor shall not, so long as this Development Agreement is in force and effect and Developer is not in default under any of the terms hereof or of any Franchise Agreement for any Face to Face Spa, establish, own or operate, or license others to establish, own or operate, any Face to Face Spa within the Development Territory other than to Developer pursuant to this Development Agreement; provided, however, Franchisor and its Affiliates retain the right:

- i. to continue to own and operate, and allow others to continue to own and operate, Face to Face Spas existing inside or outside of the Development Territory as of the date of this Development Agreement;
- ii. to establish, own or operate, and license others to establish, own or operate, Face to Face Spas outside of the Development Territory;
- iii. to establish, own or operate, and license others to establish, own or operate, or continue to own or operate, businesses under other systems using other trademarks, both within and outside the Development Territory;
- iv. to purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Development Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s).
- v. to be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses competitive businesses within the Development Territory;
- vi. to provide the services and sell any products authorized for Face to Face™ Spas using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, Internet sales and catalog sales; and /or
- vii. to engage in any activities not expressly forbidden by this Development Agreement.

ARTICLE 3 - DEVELOPMENT FEE AND FRANCHISE FEES

Section 3.1 Franchise Fees

Simultaneously with the execution of this Development Agreement, Developer shall execute the Initial Franchise Agreement and shall pay a Franchise Fee of thirty-nine thousand dollars (\$39,000.00) for the first Face to Face Spa to be developed pursuant to this Development Agreement. Developer shall execute Franchise Agreements for each additional Business when developed, and shall pay fifty percent (50%) of the Franchise Fee of thirty-nine thousand dollars (\$39,000.00) for each additional Face to Face Spa upon execution of each additional Franchise Agreement.

Section 3.2 Development Fee

Upon the execution of this Development Agreement, Developer shall pay a fee (“Development Fee”) equal to fifty percent (50%) of the Initial Franchise Fee or nineteen thousand five hundred dollars (\$19,500.00) multiplied by the number of Face to Face Spas to be developed after the first Face to Face Spa pursuant to this Development Agreement. The total amount of the Development Fee to be paid by Developer upon the execution of this Development Agreement is _____ dollars (\$_____). The Development Fee is fully earned by Franchisor and is nonrefundable.

ARTICLE 4 - DEVELOPMENT OF FRANCHISED BUSINESS

Section 4.1 Minimum Development Obligation

Developer shall strictly follow the Development Schedule set forth in Exhibit I, as time is of the essence. By the dates set forth within the Development Schedule, Developer shall establish and operate Face to Face Spas in the number indicated in the Development Schedule. Developer shall at all times continuously maintain in operation, pursuant to each Franchise Agreement, at least the number of Face to Face Spas required to be operational at such time as set forth in the Development Schedule; provided, however, that such obligation does not apply to Face to Face Spas that are closed.

Section 4.2 Developer May Exceed Minimum Development Obligation

During the term of this Development Agreement, Developer may, subject to the terms and conditions of this Development Agreement, develop and operate more Face to Face Spas in the Development Territory than required by this Development Agreement; provided, however, Developer shall give Franchisor reasonable assurances Developer has the required skill, financial resources and managerial skills to perform its duties under this Development Agreement and each Franchise Agreement. Developer shall pay the full Franchise Fee for each additional Face to Face Spa developed in excess of the requirements of this Development Agreement, and Franchisor shall not credit any part of the Development Fee against the Franchise Fee for any additional Face to Face Spas.

Section 4.3 Exercise Of Development Rights

Developer shall enter into a separate Franchise Agreement for each additional Face to Face Spa established pursuant to this Development Agreement. Upon approval of the site by Franchisor, as provided in Section 5.1 of the Franchise Agreement, Franchisor shall deliver two (2) copies of the Franchise Agreement along with a copy of its then-current Disclosure Document, if required by law. Immediately upon receipt of the Disclosure Document, Developer shall return to Franchisor a signed copy of the Acknowledgment of Receipt of the Disclosure Document. After any applicable waiting periods have expired, Developer shall execute and deliver to Franchisor two (2) copies of the Franchise Agreement and shall pay the Franchise Fee, as provided in Section 3.1.

Section 4.4 Conditions Precedent To Franchisor’s Obligation

Franchisor shall not execute the Franchise Agreement if:

- (a) Developer is not in compliance with all, or is in default of any, of its obligations under this Development Agreement or any other agreement between Franchisor and Developer; or
- (b) in the case of each then existing Franchise Agreement, Developer, as Franchisee, is not in compliance with all, or is in default of any, of its obligations under any Franchise Agreement. Franchisor and Developer shall execute the Franchise Agreement for each additional Face to Face™ Business within thirty (30) days after the site has been approved by Franchisor as set forth in Section 5.1 of the Franchise Agreement (provided the lease for the approved site has been executed by lessor and Developer within the thirty [30] day period, including Franchisor's Collateral Assignment of Lease attached to the Franchise Agreement) but in no event later than the date stated in the Development Schedule that such Face to Face Spa must be established and operating.

Section 4.5 No Subfranchising By Developer

Developer has no right under this Development Agreement to sublicense, subfranchise, resell, or otherwise transfer any interest in any Franchised Businesses.

Section 4.6 Management Obligations

Each Face to Face™ Spa developed pursuant to this Agreement must always be under the direct full-time supervision of Developer (or if Developer is a business entity and not an individual, Developer's primary owner or an individual appointed by Developer and approved in writing by Franchisor). Developer (or Developer's primary owner or an individual appointed by Developer and approved in writing by Franchisor) must devote his or her full-time efforts (at least 35 hours per week) to the management of the day-to-day operation of the Face to Face™ Spas developed pursuant to this Development Agreement.

ARTICLE 5 - TERM AND RIGHT OF FIRST REFUSAL

Section 5.1 Term

Unless sooner terminated in accordance with the terms of this Development Agreement, the term of this Development Agreement and all Development Rights granted herein to Developer shall expire on the last Opening Date as set forth in the Development Schedule. At the end of the term of this Development Agreement, the exclusive Development Rights with respect to the Development Territory will automatically terminate, and Developer shall have no right to renew or extend the term of this Development Agreement.

ARTICLE 6 - MARKS AND CONFIDENTIAL INFORMATION

Section 6.1 No License Under Development Agreement

Notwithstanding any provision to the contrary under this Development Agreement, this Development Agreement does not grant Developer any right to use the Marks. The right to use the Marks may only be granted by the terms of a Franchise Agreement. Developer shall not use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modifying words, terms, designs or symbols, or in any modified form, nor may Developer use any Mark in connection with any business or activity other than the business conducted by Developer pursuant to the Franchise Agreements or in any other manner not explicitly authorized in writing by Franchisor.

Section 6.2 Confidential Information

Except as hereinafter provided, Developer shall not, during the term of this Development Agreement or at any time thereafter, whether in person, in writing or through the Internet or online Social Media sites or applications, communicate, divulge or use for the benefit of any other person or entity, any Trade Secrets or Confidential Information which may be communicated to Developer or of which Developer may learn by virtue of Developer's activities under this Development Agreement. Developer

may divulge Trade Secrets and Confidential Information only to such of its employees as deemed necessary by Developer. Developer shall require its employees and all other persons designated in the Franchise Agreement to execute Non-Disclosure and Non-Competition Agreements as required by Section 7.4 of the Initial Franchise Agreement.

ARTICLE 7 - TRANSFERABILITY OF INTEREST

Section 7.1 By Franchisor

This Development Agreement and all rights herein may be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor herein, and Franchisor shall have no liability for the performance of any obligations contained in this Development Agreement after the effective date of such transfer or assignment.

Section 7.2 By Developer

If the Developer chooses to sell his or her Area Development Agreement to a third party Transferee, the Developer must adhere to the following covenants, acknowledgements, requirements and conditions:

- i. The Development Rights set forth in this Development Agreement are personal to Developer and are granted in reliance upon the personal qualifications of Developer. Developer has represented, and hereby represents, it is entering into this Development Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights;
- ii. Developer, without Franchisor's prior written consent, shall not sell, assign, transfer, convey, give away or encumber any part of its interest in this Development Agreement, its interest in the Development Rights granted hereby, its interest in any entity that owns any interest in such rights, or any interest in Developer, and shall not offer, permit or suffer the same to be sold, assigned, transferred, conveyed, given away or encumbered in any way. Developer shall not, without the prior written consent of Franchisor, fractionalize any of the Development Rights granted pursuant to this Development Agreement. Any purported sale, assignment, transfer, conveyance, gift or encumbrance of any of Developer's rights herein not having Franchisor's prior written consent shall be null and void and shall constitute a material default of this Development Agreement;
- iii. So long as Developer is in full compliance with this Development Agreement, and should Franchisor not elect to exercise its right of first refusal as provided in Section 7.4, Franchisor shall not unreasonably withhold its approval of an assignment or transfer to proposed assignees or Transferees if:
 - a. Developer has complied with the requirements of Section 7.2;
 - b. all obligations owed to Franchisor by Developer are fully paid and satisfied;
 - c. Developer (and any transferring owners, if Developer is a business entity) has executed a mutual general release, in a form the same as or similar to the General Release attached to the Initial Franchise Agreement, of any and all claims against both parties, including its equity owners, officers, directors, managers, attorneys, agents, employees and others as set forth in the General Release, in their corporate and individual capacities, including modifying the General Release to include, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Development Agreement or to the transfer of Developer's interest herein or to the transfer of Developer's ownership of all or any part of the Development

Rights; provided, however, that if a general release is prohibited, both parties shall give the maximum release allowed by law;

d. the prospective Transferee has satisfied to Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to determine Transferee's ability to carry out the obligations contained in the Development Agreement and in a franchise agreement;

e. the Transferee has executed a general release, in a form the same as or similar to the General Release attached to the Initial Franchise Agreement, of any and all claims against Franchisor and its equity owners, officers, directors, managers, attorneys, agents, employees and others as set forth in the General Release, in their corporate and individual capacities, including modifying the General Release to include any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the Transferee by Developer;

f. Developer has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Developer and the prospective Transferee relating to the intended sale, assignment, transfer, conveyance, gift or encumbrance of the Development Rights;

g. Developer, or the Transferee, has paid to Franchisor a transfer fee in the amount of Ten Thousand Dollars (\$10,000.00) for the first franchise unit transferred, plus One Thousand Dollars (\$1,000.00) for each additional franchise unit transferred to the same Transferee.

h. the Transferee has agreed to be personally bound jointly and severally by all provisions of this Development Agreement for the remainder of its term and all holders of a legal or beneficial interest in the Transferee have agreed to personally guarantee jointly and severally the full performance thereof by Transferee;

i. The Transferee has agreed to be personally bound jointly and severally by all provisions of the existing franchise agreement(s), in place between Developer and Franchisor, and all holders of a legal or beneficial interest in the Transferee have agreed to personally guarantee jointly and severally the full performance thereof by the Transferee;

j. The Transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied; and

k. Developer has, and if Developer is an entity, all of the holders of a legal and beneficial interest in Developer have, executed and delivered to Franchisor a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Initial Franchise Agreement.

Section 7.3 Public Or Private Offerings

If Developer desires to make either a public or a private offering of its securities, prior to such offering and sale and prior to the public release of any statements, data or other information of any kind relating to the proposed offering of Developer's securities, Developer shall secure the written approval of Franchisor, which approval Franchisor shall be entitled to withhold in its sole discretion. Developer shall secure Franchisor's prior written approval of any and all press releases, news releases and any and all other publicity, the primary purpose of which is in the public interest in its offering. Only to the extent that written approval has been given by Franchisor may Developer proceed to file, publish, issue, release and make public any data, material or information regarding its securities offering. Any review by Franchisor is solely

for its own information, and its approval shall not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either express or implied; and Developer shall make no oral or written notice of any kind whatsoever indicating or implying that Franchisor or its Affiliates have any interest in or relationship whatsoever to the proposed offering other than Franchisor acting as Franchisor. Developer shall indemnify and hold harmless Franchisor and its Affiliates, and their owners, directors, officers, managers, members, attorneys, agents, employees, successors and assigns, from all claims, demands, costs, fees, charges, liabilities or expenses (including attorneys' fees) of any kind whatsoever arising from Developer's offering or information published or communicated and any actions taken with regard thereto.

Section 7.4 FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Developer or its owners shall at any time determine to sell, assign, transfer, convey, give away or encumber the Development Rights under this Development Agreement or any of their respective ownership interests in Developer, or any of Developer's assets (except in the ordinary course of business), Developer or its owners shall obtain a bona fide, executed written offer from a responsible and fully disclosed person or entity, as applicable, and shall submit an exact copy of such offer to Franchisor, and Franchisor shall, for a period of thirty (30) days from the date of delivery of such offer, have the right, exercisable by written notice to Developer, to purchase such interests for the price and on the terms and conditions contained in such offer; provided, however, Franchisor may substitute cash for any form of payment proposed in such offer and Franchisor shall have not less than sixty (60) days from the date of delivery of its written notice of intent to purchase to complete such purchase. Franchisor's credit shall be deemed at least equal to the credit of said person or entity, as applicable. If Franchisor does not exercise this right of first refusal, Developer may complete the sale of such interest, subject to Section 7.2. If such sale, assignment, transfer, conveyance, gift or encumbrance is not completed within one hundred and twenty (120) days after delivery of such offer to Franchisor, Franchisor shall again have the right of first refusal provided herein.

ARTICLE 8 - DEFAULT AND TERMINATION

Section 8.1 Termination Without Opportunity to Cure

Franchisor has the right to immediately terminate this Development Agreement by delivering a notice to Developer stating Franchisor elects to terminate this Development Agreement as a result of any of the breaches set forth below:

- i. Developer makes or attempts to make an unauthorized sale, assignment, transfer, conveyance, gift or encumbrance of any part of its interest in this Development Agreement, its interest in the Development Rights granted hereby, its interest in any entity that owns any interest in such rights, or any interest in Developer;
- ii. Developer has made any material misrepresentation or omission in its application for the Development Rights conferred by this Development Agreement;
- iii. Developer is convicted of or pleads no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Marks;
- iv. Developer is convicted of or pleads no contest to a crime involving spousal, sexual, animal, minor, or elderly abuse
- v. Developer makes any unauthorized use of the Marks or unauthorized use or disclosure of the Confidential Information;
- vi. Franchisor has delivered a notice of termination for a Franchise Agreement between Franchisor and Developer in accordance with its terms and conditions, or Developer has terminated a Franchise Agreement without cause; or

- vii. Developer fails to meet or satisfy any timing requirement or deadline contained in the Development Schedule.

Section 8.2 Termination WITH OPPORTUNITY TO CURE

If Developer fails to comply with any other provision of this Development Agreement, Franchisor may terminate this Development Agreement by delivering notice of termination to Developer stating the reason for termination, provided Developer shall have the right to cure a breach within thirty (30) days after delivery of Franchisor's notice of termination.

ARTICLE 9 - RIGHTS AND DUTIES ON TERMINATION OR EXPIRATION

Section 9.1 Loss of Development Rights

Upon termination of this Development Agreement, the Development Rights granted to Developer under this Development Agreement shall automatically terminate. Developer shall have no additional rights to establish or operate any Face to Face™ Spa for which a Franchise Agreement has not been executed by Franchisor and Developer. No default under this Development Agreement shall constitute a default under any Franchise Agreement between the parties, except to the extent that any default under this Development Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement. Notwithstanding the above, the terms and conditions of each Franchise Agreement must be complied with by the Developer and shall control in determining whether any default exists under such Franchise Agreement.

Section 9.2 Amounts Owed To Franchisor

Developer shall immediately pay to Franchisor upon termination or expiration of the Development Agreement any amounts owed by Developer to Franchisor that are then unpaid, plus any interest due.

Section 9.3 Confidential Information

Upon termination or expiration of this Development Agreement, Developer and all of its employees, agents or other representatives shall immediately cease to use and shall maintain the absolute confidentiality of any Trade Secrets and Confidential Information disclosed or otherwise learned or acquired by Developer and shall not use such Trade Secrets and Confidential Information in any other business or venture.

Section 9.4 Covenant Not To Compete

During the term and after the termination of this Development Agreement, Developer and any beneficial owner of an interest in Developer shall be subject to all of the restrictive covenants set forth in Article 7 and Article 17 of the Initial Franchise Agreement, as applicable, which covenants by this reference are incorporated herein.

Section 9.5 Continuing Obligations

All obligations of Franchisor and Developer under this Development Agreement that expressly or by their nature survive the expiration or termination of this Development Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire.

ARTICLE 10 - BENEFICIAL OWNERS OF

Developer represents, and Franchisor enters into this Development Agreement in reliance upon such representation, that the individuals identified in Exhibit III as Holders of a Legal or Beneficial Interest are the sole holders of a legal or beneficial interest (in the stated proportions) of Developer.

ARTICLE 11 - RELATIONSHIP AND INDEMNIFICATION

Section 11.1 Relationship

This Development Agreement is purely a contractual relationship between the parties and does not appoint or make Developer an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Developer may not represent or imply to third parties that Developer is an agent of Franchisor, and Developer is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Developer. In no event shall this Development Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Developer. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the development of any Face to Face™ Business pursuant to this Development Agreement. Any third party contractors and vendors retained by Developer for remodeling or construction or any other purpose are independent contractors of Developer alone.

Section 11.2 Standard Of Care

This Development Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Development Agreement with respect to certain issues, whenever this Development Agreement requires Developer to obtain Franchisor's written consent or permits Developer to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Developer or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

Section 11.3 Indemnification

Developer shall hold harmless and indemnify Franchisor, its Affiliates, all holders of a legal or beneficial interest in Franchisor and/or its Affiliates, and all of Franchisor's and its Affiliates' officers, directors, executives, managers, partners, owners, members, employees, legal representatives, attorneys, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, that arise from, are based upon or are related to Developer's (a) development, ownership or operation of any Face to Face™ Spa; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Development Agreement or any other agreement between Developer and Franchisor (or any of its Affiliates); (d) defamation of Franchisor or the System; (e) acts, errors or omissions by Developer or any of its partners, owners, members, officers, directors, managers, employees or agents, committed or incurred in connection with the development of Face to Face™ Spas, including any negligent or intentional acts or omissions; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. Franchisor's right to indemnity shall exist notwithstanding the fact joint or several liability may be imposed upon Franchisor by statute, ordinance, regulation or judicial or arbitral decision.

ARTICLE 12 - GENERAL CONDITIONS AND PROVISIONS

Section 12.1 Superiority of Franchise Agreement

Developer acknowledges that any and all Franchise Agreements executed in connection with an individual Face to Face™ Spa within the Development Territory are independent of this Development Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Development Agreement. If any conflict shall arise in connection with this Development Agreement and any such Franchise Agreement, the latter shall have precedence and superiority over the former.

Section 12.2 No Waiver

No failure of Franchisor to exercise any power reserved to it herein, or to insist upon strict compliance by Developer with any obligation or condition herein, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Development Agreement. Waiver by Franchisor of any particular default by Developer shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Development Agreement.

Section 12.3 Injunctive Relief And Specific Performance

As any breach by Developer of any of the restrictions or obligations contained in this Agreement would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, and/or specific performance with respect to such breach without the necessity of posting security or bond.

Section 12.4 Notices

All notices required or permitted under this Development Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, manager or partner of the recipient party); (b) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (c) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 12.4. All notices, payments and reports required by this Development Agreement shall be sent to Developer at the address set forth in the introductory paragraph of this Development Agreement and to Franchisor at the following addresses:

Face To Face Franchising, LLC

Attn: Jenny Abraham, CEO
3801 N. Capitol of TX Hwy, Suite F-110
Austin, Texas 78746

With a copy to:

Maral M. Kilejian, Esq.
Haynes and Boone, LLP
2801 N. Harwood Street, Suite 2300
Dallas, Texas 75201

Section 12.5 Guaranty And Assumption Of Obligations

All holders of a legal or beneficial interest in Developer of five percent (5%) or greater shall be required to execute, as of the date of this Development Agreement, the Guaranty and Assumption of Obligations attached as Exhibit II.

Section 12.6 Approvals

Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor for its approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer or any third party, by providing any waiver, approval, advice, consent or services to Developer in connection with this Development Agreement, or by reason of any neglect, delay or denial of any request for approval.

Section 12.7 Entire Agreement

Subject to Section 12.7 of this Development Agreement, the Exhibits attached hereto and thus made a part hereof and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Developer concerning the subject matter hereof, and shall supersede all prior agreements. Except for any representation by Franchisor contained herein, no other representation, oral or otherwise, has induced Developer to execute this Development Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. There are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein or within the Initial Franchise Agreement which are of any force or effect with respect to the matters set forth in or contemplated by this Development Agreement or otherwise. No amendment, change or variance from this Development Agreement shall be binding on either party unless executed in writing by both parties.

Section 12.8 Severability And Modification

Except as noted below, each Section, paragraph, part, term and provision of this Development Agreement shall be considered severable. If any Section, paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, Sections, paragraphs, parts, terms and provisions of this Development Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid Sections, paragraphs, parts, terms or provisions shall be deemed not part of this Development Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Development Agreement, Franchisor has the right to, at its option, terminate this Development Agreement.

Notwithstanding the above, each of the covenants contained in Article 6, and Article 9 shall be construed as independent of any other covenant or provision of this Development Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent permitted by law.

Section 12.9 Construction

All captions herein or in the Exhibits attached hereto and thus made a part hereof, are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof or thereof. Should any provision of this Development Agreement require interpretation or construction, it is agreed by the Franchisor and Developer the court, administrative body or other person or entity interpreting or construing this Development Agreement shall not apply a presumption the provisions hereof shall be more strictly construed against the Franchisor by reason of the rule of construction that a document is to be construed more strictly against the person or entity who, or through its agent, prepared same.

Section 12.10 Force Majeure

Whenever a period of time is provided in this Development Agreement for either party to perform any act, except pay monies to Franchisor, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Development Agreement.

Section 12.11 Timing

Time is of the essence. Except as set forth in Section 12.10, failure to perform any act within the time required or permitted by this Development Agreement, shall be a material breach.

Section 12.12 Further Assurances

Each party to this Development Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Development Agreement.

Section 12.13 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Development Agreement is intended, nor shall be deemed, to confer upon any person or entity other than Franchisor or Developer, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

Section 12.14 Multiple Originals

Both parties shall execute multiple copies of this Development Agreement and each executed copy shall be deemed an original.

ARTICLE 13 - DISPUTE RESOLUTION

Section 13.1 Choice of Law

Except to the extent this Development Agreement or any particular dispute is governed by the Trademark Act of 1946 or other federal law, this Development Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

Section 13.2 Consent To Jurisdiction

Claims for injunctive relief or specific performance may be brought by Franchisor where Developer is located.

Section 13.3 Rights And Remedies

Nothing contained herein shall bar Franchisor's right to obtain injunctive relief or specific performance against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. Developer's rights and remedies regarding Franchisor's breach of this Development Agreement are as set forth in this Development Agreement.

Section 13.4 Limitations Of Claims

Any claim concerning the Franchised Business or this Development Agreement or any related agreement will be barred unless an action relating to the ownership of any of Franchisor's Marks, or for injunctive relief, specific performance or non-binding mediation, as set forth in this Agreement, is commenced within one (1) year from the date on which Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

Section 13.5 Limitation Of Damages

Developer and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other. Developer waives and disclaims any right or claim to consequential damages in any action or claim against Franchisor concerning this Development Agreement or any related agreement. In any claim or action brought by Developer against Franchisor concerning this Development Agreement, Developer's damages shall not exceed an amount greater than Developer's Development Fee.

Section 13.6 Waiver Of Jury Trial

AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM RELATING TO THE OWNERSHIP OF ANY OF FRANCHISOR'S MARKS OR THE UNAUTHORIZED USE OR DISCLOSURE OF FRANCHISOR'S TRADE SECRETS OR CONFIDENTIAL INFORMATION OR FOR INJUNCTIVE RELIEF OR SPECIFIC PERFORMANCE.

Section 13.7 Mediation

Except for actions or claims for injunctive relief or specific performance or the unauthorized use or disclosure of Franchisor's Trade Secrets or Confidential Information, all claims, disputes and other matters in question between Franchisor and Franchisee arising out of or relating to this Agreement, the business relationship or any other agreement, including whether this Mediation clause is binding upon the parties, shall be resolved by non-binding mediation before the Center for Public Resources -- National Franchise Mediation Program, FAM, or another mutually agreeable mediator. Notwithstanding the above, the following shall not be subject to mediation:

- i. disputes and controversies arising from the Sherman Act, the Clayton Act or any other Federal or state antitrust law;
- ii. disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership, use, misuse or validity of any Confidential Information, the Proprietary Marks or any other trademarks;
- iii. disputes and controversies relating to actions to obtain possession of the premises of the Business under lease or sublease.

Both parties will sign a confidentiality agreement reasonably satisfactory to Franchisor. Upon submission, the obligation to attend mediation in the county and state designated by Franchisor (currently Williamson County, Texas) is binding on both parties. Each party will bear his, her or its own costs for the mediation, except the mediation fee and the fee for the mediator will be split equally.

To initiate mediation, either Franchisor or Franchisee shall appoint one mediator and after appointment of the mediator, shall notify in writing the other of such appointment and the name of and the contact information for the mediator within three (3) business days after selection of said mediator. The mediation shall be conducted in Williamson County, Texas as directed by the sole mediator. If an agreement is reached between the parties, then the signed award of the mediator shall be final and binding upon Franchisor and Franchisee and any other party to the mediation. Judgment may be entered upon the award of the mediator in any court having competent jurisdiction. If a first mediation session is unsuccessful, both parties agree to attend a second mediation under the same terms and conditions within 30 days of the completion of the first mediation session.

Franchisee acknowledges it has read the terms of this non-binding mediation provision and affirms each provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

ARTICLE 14 - ACKNOWLEDGMENTS

Section 14.1 Receipt of this Development Agreement and the Franchise Disclosure Document

Developer represents and acknowledges it has received, read and understands this Development Agreement and Franchisor's Franchise Disclosure Document, and Franchisor has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Development Agreement. Developer represents and acknowledges it has received an exact copy of this Development Agreement and its Exhibits fully executed except for signatures or personal information, prior to the date on which this Development Agreement was executed. Developer

further represents and acknowledges it has received, at least fourteen (14) calendar days prior to the date on which this Development Agreement was executed, the Disclosure Document required by the 2007 Amendment to the Federal Trade Commission Rule entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

Section 14.2 Consultation By Developer

Developer represents it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Development Agreement, the business franchised hereby and the prospects for that business. Developer represents it has either consulted with such advisors or has deliberately declined to do so.

Section 14.3 True And Accurate Information

Developer represents all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Developer acknowledges Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

Section 14.4 Risk

Developer represents it has conducted an independent investigation of the business contemplated by this Development Agreement and acknowledges, like any other business, an investment in this Development Agreement and/or a Face to Face™ Spa involves business risks and the success of the venture(s) is dependent, among other factors, upon the business abilities and efforts of Developer. Franchisor makes no representations or warranties, express or implied, in this Development Agreement or otherwise, as to the potential success of the business venture(s) contemplated hereby.

Section 14.5 No Guarantee Of Success

Developer represents and acknowledges it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of any Face to Face™ Spa to be developed pursuant to this Development Agreement. Developer represents and acknowledges there have been no representations by Franchisor's owners, members, managers, directors, employees, attorneys or agents that are not contained in, or are inconsistent with, the statements made in the Initial Franchise Agreement or this Development Agreement.

Section 14.6 No Violation Of Other Agreements

Developer represents its execution of this Development Agreement will not violate any other agreement or commitment to which Developer or any holder of a legal or beneficial interest in Developer is a party.

Section 14.7 Independent Obligations

Each obligation or other provision contained in this Development Agreement shall be deemed and construed as a separate and independent obligation of the party bound by, undertaking or making the same, and not dependent on any other provisions of this Development Agreement, unless expressly so provided. If any party has breached any obligation or other provision contained in this Agreement in any respect, the fact there exists another obligation or provision relating to the same subject matter (regardless of the relative levels of specificity), which the party has not breached shall not detract from or mitigate the fact the party is in breach of the first obligation or other provision contained in this Development Agreement.

Section 14.8 Gender

Whenever the context of this Development Agreement requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Development Agreement on the date set forth in the introductory paragraph of this Development Agreement.

FACE TO FACE FRANCHISING, LLC

DEVELOPER

By: _____
Print Name: Jenny Abraham
Title: Chief Executive Officer

By: _____
Print Name: _____
Title: _____

[or if an individual]

Signed: _____
Print Name: _____

EXHIBIT I TO THE AREA DEVELOPMENT AGREEMENT

Developer agrees that they shall be opened for business within the Granted Territory by the date indicated in Column III below and operating at all times thereafter during the term of this Agreement not less than the cumulative minimum number of Face to Face Spas listed in Column IV of this Exhibit I.

“Effective Date” of Execution _____ / ____ / _____

I Unit Sequence	II Fee Paid to Franchisor Per unit for Area Development Rights	III Latest date for Commencement of Each such unit	IV Cumulative Minimum Number of units In Operation
1 st Unit	\$39,000		1
2 nd Unit	\$19,500		2
3 rd Unit	\$19,500		3

EXHIBIT II TO THE AREA DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”) is given this ____ day of _____, 20____, by _____.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith (“Agreement”) by Face To Face Franchising, LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (“Developer”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Developer or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (a) his direct and immediate liability under this Guaranty shall be joint and several; (b) he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned further consents and agrees it shall be a party to any of the actions or claims between Franchisor and Developer for injunctive relief or specific performance or relating to the ownership of any of Franchisor’s Marks or the unauthorized use or disclosure of Franchisor’s Trade Secrets or Confidential Information, or which are to be resolved by non-binding mediation as set forth in the Agreement. Each of the undersigned also agrees to be personally bound by the waiver of jury trial as set forth in Section 23.6 of the Initial Franchise Agreement.

Whenever the context of this Guaranty requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural.

Capitalized terms not defined herein shall have the meaning set forth in the Area Development Agreement or the Initial Franchise Agreement.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered by each of the undersigned, intending to be legally bound hereby, on the date set forth in the introductory paragraph of this Guaranty.

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)
HOME ADDRESS

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN
FRANCHISEE: _____%

*** Note: All Owners with 5% interest in the legal entity or more must fill this page out.**

EXHIBIT III TO THE AREA DEVELOPMENT AGREEMENT

**ALL HOLDERS OF ANY LEGAL OR BENEFICIAL INTEREST
IN DEVELOPER; OFFICERS, DIRECTORS AND MANAGERS**

Holders of Legal or Beneficial Interest:

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Officers, Directors and Managers:

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Name: _____
Position/Title: _____
Home Address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____

EXHIBIT IV TO THE AREA DEVELOPMENT AGREEMENT

MULTI-STATE ADDENDUMS

To Avoid Duplication in the Disclosure Document These Are Located
At Exhibit E to the Franchise Disclosure Document
On The Execution Copy the Applicable State Addendum Will Be
Located At This Exhibit IV to the Area Development Agreement

EXHIBIT E
TO FRANCHISE DISCLOSURE DOCUMENT
FACE TO FACE FRANCHISING, LLC

MULTI-STATE ADDENDUMS

STATE ADDENDUMS

(ADDITIONAL INFORMATION REQUIRED BY CERTAIN STATES)

NONE CURRENTLY REQUIRED

EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT
FACE TO FACE FRANCHISING, LLC

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR
CALIFORNIA	Department of Financial Protection and Innovation: 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (866) 275-2677
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Department of Attorney General Consumer Protection Division Franchising Unit 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 373-1837
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway New York, New York 10271-0332 (212) 416-8222
NORTH DAKOTA	North Dakota Securities Department 600 East Blvd. Ave., Fifth Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712

STATE	STATE ADMINISTRATOR
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920 (401) 462-9585
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501-3185 (605) 773-4823
TEXAS	Statutory Document Section Secretary of State P.O. Box 12887 Austin, Texas 78711
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, Virginia 23219 (804) 371-9672
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-3364

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

STATE	AGENT
TEXAS	Service of Process Secretary of State P.O. Box 12079 Austin, Texas 78711-2079 (512) 463-5560
WISCONSIN	Wisconsin Division of Securities Wisconsin Department of Financial Institutions 201 W. Washington Avenue, Suite 300 Madison, Wisconsin 53703

EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT
FACE TO FACE FRANCHISING, LLC

LETTER OF INTENT

[Date]

[Prospective Franchisee]
[Address]
[Address]

Re: Letter of Intent and Deposit Agreement

Dear Prospective Franchisee:

The purpose of this Letter of Intent and Deposit Agreement (“**Letter**”) is to memorialize certain nonbinding understandings and certain binding agreements between you and Face to Face Franchising, LLC (“**Franchisor**”), with respect to the grant of franchise, or franchise and development, rights within the respective areas further defined below in the State of _____ (the “**Site Selection Area**” under a Franchise Agreement and the “**Development Area**” under a Development Agreement). Additionally, the parties to this Letter wish to exchange a partially refundable earnest money payment.

PART ONE -- NONBINDING PROVISIONS

The numbered paragraphs of this Letter (collectively, the “**Nonbinding Provisions**”) reflect our mutual understanding of the matters described in them, but each party acknowledges that the Nonbinding Provisions are not legally binding obligations between the parties or their respective principals, and neither party nor its respective principals shall have any liability to the other with respect to the Nonbinding Provisions until fully-integrated into the franchise agreement (“**Franchise Agreement**”) and/or development agreement (“**Development Agreement**”), and all applicable agreements are fully executed by, and delivered to, the parties. If the Franchise Agreement, or Franchise Agreement and Development Agreement, is not executed and delivered for any reason, neither party will have any liability to the other based upon, arising from, or relating to the Nonbinding Provisions.

A. Description of the Proposed Transaction.

1. Franchisor has developed and owns a proprietary business system for the operation and franchise of upscale spas focusing on medical grade facials and chemical exfoliation peels as well as other related services which promote skin care and health. You are investigating the possibility of entering into a Franchise Agreement, or Franchise Agreement and Development Agreement, with Franchisor, and Franchisor and you have preliminarily outlined the following terms under this Part One for inclusion in the anticipated final executed agreement(s).

2. Franchisee will be an entity to be formed under the laws of the State of _____ (“**Franchisee**”).

3. The parties are exploring the viability of a franchise relationship whereby Franchisee would acquire the right to open and operate _____ FACE TO FACE SPA location(s).

B. Franchise Agreement. The term “Franchise Agreement” as used in this Letter includes all applicable Attachments and Amendments.

1. The Franchise Agreement shall provide the following:

- a. The initial term of the Franchise Agreement shall be for a period of 10 years.
- b. The right to operate the franchise may be renewed for two additional five-year terms.

- c. The Initial Franchise Fee shall be \$39,000
- d. All disputes between the parties shall be resolved by litigation in the county in which Franchisor maintains its principal headquarters; provided that Franchisor shall have the right to take any action necessary to protect the Marks, Copyrighted Works or Proprietary Information in any court having jurisdiction, wherever located.
- e. The Franchise Agreement will contain other standard provisions, representations and covenants (including confidentiality and in-term and post term noncompete obligations).
- f. _____, _____, and any other direct or indirect owner in Franchisee shall personally guarantee Franchisee's obligations under the Franchise Agreement and be personally bound by the confidentiality and noncompete provisions contained therein.

C. Area Development Agreement. The term "Area Development Agreement" as used in this Letter includes all applicable Attachments and Amendments:

1. The parties to this Letter (select only one):
- a. ☐ **do not** intend on entering into a Area Development Agreement for the development of multiple locations; or
- b. ☐ **do** intend on entering into a Area Development Agreement for the development of multiple locations.
2. If applicable, the Area Development Agreement shall provide the following:

- a. You will develop and continue to operate no less than _____ franchise locations in the Development Territory in accordance with the following proposed development schedule and projected opening dates:

Unit Sequence	Fee Paid to Franchisor Per unit for Area Development Rights	Latest date for Commencement of Each such unit	Cumulative Number of Units In Operation
1	\$39,000		
2	\$19,500		
3	\$19,500		

- b. The proposed Development Territory consists of the geographic area defined as: _____

- c. The proposed Development Fee equals: \$_____, calculated as 100% of the initial franchise fee payable under the first franchise agreement for the first location (\$39,000) and 50% of the initial franchise fee for each additional location you anticipate committing to develop (\$19,500).

PART TWO -- BINDING PROVISIONS.

Upon execution by you of this Letter or counterparts hereof, the following lettered paragraphs of this letter (collectively, the “**Binding Provisions**”) will constitute the legally binding and enforceable agreements of the parties, in recognition of the significant costs to be borne by the parties in pursuing this proposed transaction and in further consideration of their mutual undertakings as to the matters described herein.

A. Earnest Money Payment. You will pay to Franchisor an earnest money payment in the amount of \$_____, which is \$6,000 per location to be developed (the “**Earnest Money Payment**”) upon countersignature of this Letter. The Earnest Money Payment is refundable, less \$6,000 which we considered to be earned on payment and nonrefundable in exchange for our costs and expenses incurred. The balance of the Earnest Money Payment is refundable within 30 days of our receipt of your written election not to move forward to purchase a franchise.

If a Franchise Agreement, or Franchise Agreement and Area Development Agreement, is signed by _____, 20__ (the “**Anticipated Execution Date**”), the full Earnest Money Payment will be applied toward payment of the Initial Franchise Fee or Development Fee, whichever is applicable. If a Franchise Agreement, or Franchise Agreement and Area Development Agreement, is not signed by the Anticipated Execution Date, the \$6,000 non-refundable portion of the Earnest Money Payment will not be credited toward the Initial Franchise Fee even should you enter into a Franchise Agreement (or toward the Development Fee even should you enter into a Franchise Agreement and Area Development Agreement) with Franchisor at a later date.

B. Confidentiality. Each party will receive and hold in strict confidence all information it receives with respect to the other’s business or affairs and will not use for its own account or disclose to any other individual or business entity any such information, except in accordance with the provisions of the Franchise Agreement. This provision will survive the termination of this letter and be binding on both parties for an indefinite period. Neither party will announce the existence of this letter or otherwise disclose the fact or contents of the parties’ proposed relationship without the express consent and joint participation of the other party.

C. Acknowledgement of Receipt of FDD. You acknowledge that you received a complete copy of Franchisor’s Franchise Disclosure Document at least 14 days before the date of this Letter.

D. Assignment. You may neither assign nor transfer any of its rights, nor delegate any of your obligations, under this Letter.

E. Governing Law; Choice of Forum. This Letter will be interpreted and enforced in accordance with the laws of the State of Texas, without giving effect to the conflict of laws principles thereof. The parties agree that any action arising out of or related to this Letter, whether brought in federal or state court, must be brought and maintained exclusively within the county in which Franchisor maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. The parties contemplate that the Franchise Agreement and Development Agreement will also be subject to the laws of the State of Texas.

If this letter accurately states your understanding of the proposed transactions, please sign and date it in the space provided below to confirm our mutual nonbinding understandings and binding agreements, as set forth in this letter. After you have signed, please return a copy to the undersigned. This letter may be executed in counterparts.

Very truly yours,

FACE TO FACE FRANCHISING, LLC

Jenny Abraham
Chief Executive Officer

ACCEPTED AND AGREED:

Signature: _____
Printed Name: _____

Date

Signature: _____
Printed Name: _____

Date

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT
FACE TO FACE FRANCHISING, LLC
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Face to Face Spa Franchise Operations Manual

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Esthetician
General
Managerial
Massage Therapist
Spa Coordinator

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT
FACE TO FACE FRANCHISING, LLC

STATE EFFECTIVE DATES

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

This 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
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 J
ITEM 23 – RECEIPT TO THE DISCLOSURE DOCUMENT
(KEEP THIS COPY FOR YOUR RECORDS)

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Face To Face Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale (or sooner if required by state law). New York and Rhode Island require that we 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 requires that we 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 Face To Face Franchising, 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 agencies listed in Exhibit F to this disclosure document.

Issuance Date: August 7, 2025

I acknowledge receiving this Franchise Disclosure Document issued August 7, 2025.

(or the date reflected on the State Effective Dates Page), which included the following exhibits:

A. Financial Statements	B. Franchisee Locations	C. Franchise Agreement
D. Area Development Agreement	E. State Addendums	F. State Administrators
G. Letter of Intent	H. Manual Table of Contents	I. State Effective Dates
J. Receipts & Acknowledgment		

Date FDD Received: _____ Signed*: _____

Print Name: _____

Date FDD Received: _____ Signed*: _____

Print Name: _____

*Signed individually and as an authorized representative of the franchisee company.

FRANCHISE SELLER’S NAME AND CONTACT INFORMATION:

Jenny Abraham, 3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746, Phone: (800) 797-1345.

You should return one copy of the signed receipt by signing and dating it, and either mailing it to Face To Face Franchising, LLC at 3801 N. Capitol of TX Hwy, Suite F-110, Austin, Texas 78746 or emailing it to Franchising@FaceToFaceSpa.com. You may keep the second copy for your records.

Copy for Face To Face Franchising, LLC

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Copy for Franchisee