FRANCHISE DISCLOSURE DOCUMENT

Massage Heights Franchising, LLC
a Texas limited liability company
13750 US Hwy 281 North, Suite 230
San Antonio, TX 78232
Phone: (210) 402-0777
Fax: (210) 402-3228
www.massageheights.com
www.massageheightsfranchise.com

Massage Heights businesses provide professional therapeutic massage and facial services to the general public through membership-based programs, and the sale of related products and services ("MH Business"). Franchisees may choose to operate a MH Business under a franchise agreement that grants the right to establish and operate a single MH Business in a specific area as a franchisee, or become an area developer under an area development agreement which grants the right to establish and operate a certain number of MH Businesses in a specified area ("Area Developer"). Area Developers must open at least two MH Businesses.

The total investment necessary to begin operation of a MH Business is between $430,100 and $637,350, which includes between $160,000 and $201,400 which must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Massage Heights Area Developer franchised business, operating two MH Businesses is between $850,200 and $1,264,700, which includes between $310,000 and $392,800, which must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Shanna Schulze at 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232 and 210-402-0777.

The terms of your contract will govern your franchise relationship. Don't rely on the franchise 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 also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 19, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit E for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

1. THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT EACH REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION / ARBITRATION / MEDIATION ONLY IN TEXAS. OUT-OF-STATE LITIGATION/ARBITRATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE/ARBITRATE/MEDIATE WITH US IN TEXAS THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT EACH STATE THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT REQUIRES THAT SPOUSES MUST SIGN A GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATION UNDER THE AGREEMENT PLACING PERSONAL AND MARITAL ASSETS AT RISK.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates: See next page for state effective dates.

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
CALIFORNIA	PENDING
HAWAII	PENDING
ILLINOIS	PENDING
INDIANA	PENDING
MARYLAND	PENDING
MICHIGAN	PENDING
MINNESOTA	PENDING
NEW YORK	PENDING
NORTH DAKOTA	PENDING
RHODE ISLAND	PENDING
SOUTH DAKOTA	NOT REGISTERED
VIRGINIA	PENDING
WASHINGTON	PENDING
WISCONSIN	PENDING

NOTICE REQUIRED BY
STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT F.

ITEM 1
THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document "Franchisor," "MH Franchising," "we," "us," or "our" means Massage Heights Franchising, LLC. "Franchisee," "you," and "your," mean the person that licenses the franchise from Massage Heights Franchising, LLC and its owners if you are a business entity.

The Franchisor

MH Franchising (f/k/a Massage Heights Franchising, LLC) is a Texas limited liability company formed on January 10, 2007. On January 10, 2007, we acquired all of the assets of Summit Franchise Supply, LLC (f/k/a Massage Heights Franchising, LLC, f/k/a W.S. Evans Enterprises, LP). We operate under the names Massage Heights Franchising and Massage Heights, and no other names. Our principal business address is 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232. We began offering both MH Business franchises and area representative franchises in 2007. The area representative franchise opportunity is offered under a separate Franchise Disclosure Document. An area representative is required to open and operate their own MH Business. In addition, area representatives help us grow our franchise system by soliciting, screening, recruiting, developing, servicing and supporting third party franchisees in their development territory. Area representatives do not have management responsibility relating to the offer and sale of franchises. If you purchase a franchise within an area representative's territory, the area representative may provide you with certain initial and ongoing support. As of December 31, 2016, we had a total of 131 franchisee-owned and 2 affiliate-owned MH Businesses and 9 area representative franchises. We have not operated, nor do we currently operate, any franchises like those described in this Franchise Disclosure Document, or in any other line of business.

Our agent for service of process in Texas is Shanna Schulze at 13750 US Hwy, 281 North, Suite 230, San Antonio, TX 78232. Our agents for service of process for other states are identified by state in Exhibit E. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Predecessors and Affiliates

Our parent company is SWG International, LLC, with its principal place of business at 13750 U. S. Hwy 281 North, Suite 230, San Antonio, Texas 78232.

Our predecessor, W.S. Evans Enterprises, LP, was originally formed as a sole proprietorship on February 1, 2005 and offered membership based massage franchises. On July 15, 2005, W.S. Evans Enterprises changed its form of entity from a sole proprietorship to a Texas limited partnership. W.S. Evans Enterprises operated under the name of Massage Heights until January 10, 2007 when it ceased to offer franchises and Massage Heights Franchising, LLC (f/k/a Massage Heights Corporate, LLC) acquired all of W.S. Evans Enterprises' assets. W.S. Evans Enterprises, LP converted to a limited liability company. It later changed its name again to Summit Massage Supply, LLC, and finally on January 28, 2016, it changed its name to Summit Franchise Supply, LLC and is an affiliate of ours. Its principal business address is 11987 Starcrest, San Antonio, TX 78247. We have no other predecessors.

We have five affiliates, none of which have offered franchises in other lines of business, nor, except for Summit Franchise Supply, LLC as described above, offer or have ever offered franchises similar to the type being offered under this Franchise Disclosure Document:

Name	Principal Business Address
Massage Heights, LP ("MHLP")	13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232
Hufstetler, Evans, and Franson, LLC ("HEF")	13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232
Massage Heights IP, LLC ("MHIP"),	13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232
Summit Franchise Supply, LLC ("Summit")	11987 Starcrest, San Antonio, TX 78247
Elevated Brands, LLC ("Elevated")	13750 US Highway 281 North, Suite 230, San Antonio, TX 78232

MHLP has been operating a MH Business since January, 2005. HEF has been operating a MH Business since October, 2009. MHIP owns the intellectual property and trademarks for the Massage Heights franchise system and has licensed it to us since July 26, 2005. Summit is the approved supplier of the retreat development package (See Item 5), massage lotions and oils, our "Heights at Home" and "Heights at Work" products and uniforms and has been since January 2007. Elevated is a brand management company that provides franchise brand development services and has done so since February 2016.

The Franchise

We offer franchises ("Franchises" or "MH Franchises") for the right to operate a MH Business in a designated geographic area ("Territory") under the Massage Heights name, design mark, trade dress and other authorized names and marks ("Marks"), using a system of distinct operating procedures, methods, and standards that we have developed ("System"), which may be changed or modified by us throughout your ownership of the MH Business. Each MH Business operates a retail location ("Retreat") that must be approved by us and according to the standards, specifications, operating procedures and rules outlined in the System. At a scheduled session date and time, Massage Heights' massage therapists provide specific treatments, including Swedish massage, deep tissue massage, reflexology and other massage techniques. Massage Heights' estheticians provide facial services. Both therapists and estheticians also administer aromatherapy and our trademarked "Elevations" experience, which includes add-on services such as hot stone therapy, foot scrubs, face enriching, refining, and purifying skin treatments, chemical peels and microdermabrasion. These membership-based therapeutic services provide members and guests with convenient, professional, affordable, resort-quality massage and facial services that help to achieve a balanced and healthy lifestyle in a Retreat environment. MH Businesses also offer certain lotions, massage oils, facial products and other branded products to both members and the general public to improve customers' general well-being.

You must operate your MH Business per our standard business operating practices and sign our standard franchise agreement ("Franchise Agreement") which is attached to this Franchise Disclosure Document as Exhibit B.

Area Developers acquire the right to develop and operate multiple Massage Heights Franchises in a designated development area according to a development schedule. The area development agreement is attached to this Franchise Disclosure Document as Exhibit C ("Area Development Agreement"). When you sign an Area Development Agreement, you are granted the right to build a mutually agreed upon number of Massage Heights Franchises in a specified territory ("Development Territory") in accordance with a specified development schedule ("Development Schedule"). The Development Territory will be established based on the consumer demographics of the Development Territory, geographical area, city, county and other boundaries. Area

Developers will be required to pay the non-refundable initial franchise fees for all Retreats to be developed under the Area Development Agreement at the time they sign the Area Development Agreement. If you enter into an Area Development Agreement, you must sign a Franchise Agreement in the form attached to this Disclosure Document for your first Massage Heights Franchise at the same time that you sign the Area Development Agreement. You will be required to sign our then-current form of Franchise Agreement after that for each Massage Heights Franchise that you develop under the Area Development Agreement. Unless otherwise stated, any reference in this Franchise Disclosure Document to "you" or "Franchisee" includes you both as an Area Developer under an Area Development Agreement, and as a franchisee under a Franchise Agreement.

The Market and Competition

While you will offer your products and services to the general public, your target market will be mid-level income to affluent consumers of all ages with a variety of needs. MH Businesses presently focus on serving the needs of adults in all urban and suburban areas. Your MH Business will compete with other businesses offering therapeutic massage, facials and similar services, such as spas, health retreats, resorts, independents, and other chains and franchises offering similar services. The therapeutic massage and facial services sectors remain competitive and well developed in most markets. Despite this competition, we believe that MH Businesses will appeal to customers because of the variety of services offered, the pricing model, unique brand awareness, expert and professional service and other distinctive characteristics.

You will also face normal business risks that could have an adverse effect on your MH Business. These include industry developments, such as pricing policies of competitors and supply and demand.

Industry-Specific Regulations

In some states, your MH Business may be required to comply with a variety of laws and regulations, including those related to health Retreats and/or massage therapist, cosmetologist and esthetician licensing. Some of these laws and regulations may require special certification, licensing and registrations before your MH Business can begin providing massage and facial services. Most states require that a MH Business and each massage therapist and esthetician be licensed by the state agency regulating massage therapists and estheticians. You must ensure that only licensed therapists and estheticians perform any services for which a license or specialized training is required in your state.

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 Retreat with which you must comply. For example, state licensing and certification requirements may apply to persons who perform services for you or at your Retreat and certain states require the purchase of bonds to operate a Retreat that offers prepaid membership services. Health club laws may also regulate other aspects of your MH Business, including your agreements with your customers. You are responsible for obtaining any required bonds. In some jurisdictions you may be required to have the supervision of a doctor or medical professional.

You are responsible for obtaining all required licenses and permits and ensuring that your employees and others providing products and services to customers on behalf of your MH Business you operate have all required licenses and permits.

You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and the MH Franchise you operate, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to the MH Business you operate. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2
BUSINESS EXPERIENCE

Co-Founder, President and Manager: Shane Evans

Since June 2014, Mrs. Evans has served as our President in our corporate headquarters in San Antonio, Texas. From January 2007 to June 2014, Mrs. Evans served as Vice President and Chief Operating Officer in San Antonio, Texas. Mrs. Evans has also served as a Manager on our Board of Managers in San Antonio, Texas since January 2007. Additionally, Mrs. Evans has ownership interests in Massage Heights, LP since January 2005, Hufstetler, Evans, and Franson, LLC since September 2007, and AT2, LLC since July 2015. These entities operate Massage Heights businesses in Austin, Texas and San Antonio, Texas similar to the type being offered under this Franchise Disclosure Document. Ms. Evans also has ownership interest and serves on the Board of Managers for TGP Franchising, LLC in San Antonio, Texas since November 2015.

Co-Founder, Executive Vice President and Manager: Wayne Evans

Since March 2008, Mr. Evans has served as our Executive Vice President in our corporate headquarters in San Antonio, Texas. From January 2007 to March 2008, Mr. Evans served as President in San Antonio, Texas. Mr. Evans has also served as a Manager on our Board of Managers in San Antonio, Texas since January 2007. Additionally, Mr. Evans has ownership interests in Massage Heights, LP since January 2005, Hufstetler, Evans, and Franson, LLC since September 2007, and AT2, LLC since July 2015. These entities operate Massage Heights businesses in Austin, Texas and San Antonio, Texas similar to the type being offered under this Franchise Disclosure Document. Mr. Evans also has ownership interest in TGP Franchising, LLC in San Antonio, Texas since November 2015.

Manager: Glenn Franson

Since March 2008, Mr. Franson has served as a Manager on our Board of Managers. Mr. Franson also serves as the Chief Executive Officer of Elevated Brands, LLC since February 2016, and as the President of Summit Franchise Supply, LLC in San Antonio, Texas since May 2008. Prior to this, Mr. Franson served as the Chief Executive Officer of Massage Heights Franchising, LLC from March 2008 until March 2016, and as President of Massage Heights Franchising, LLC from March 2008 until June 2014. Mr. Franson also has an ownership interest in Hufstetler, Evans, and Franson, LLC since September 2007 and AT2, LLC since July 2015. These entities operate Massage Heights businesses similar to the type being offered under this Franchise Disclosure Document in Austin, Texas and San Antonio, Texas. Mr. Franson also has ownership interest and serves on the Board of Managers for TGP Franchising, LLC in San Antonio, Texas since November 2015.

Chairman of the Board of Managers: David Humphrey

Since June 2014, Mr. Humphrey has served as Chairman of our Board of Managers in our corporate headquarters in San Antonio, Texas. Mr. Humphrey also serves as CEO of ECP-PF Holdings Group, Inc. in Arlington, Texas since April 2015. He also serves as Chief Executive Officer of DTH Capital Ventures, LLC in Arlington, Texas, and has done so since May 2011. From May 2008 to May 2011, he served as Chief Executive Officer of Massage Envy Franchising, LLC in Scottsdale, Arizona.

Chief Financial Officer: Cecilia Davenport

Since December 2014, Ms. Davenport has served as our Chief Financial Officer in our corporate headquarters in San Antonio, Texas. Prior to this, Ms. Davenport served as Vice President of Finance for Roofing Supply Group, LLC in Dallas, Texas from August 2006 to December 2014. Ms. Davenport also has ownership interest in TGP Franchising, LLC in San Antonio, Texas since February 2016.

Senior Vice President of Operations and Development: Tim Hicks

Since December 19, 2016, Mr. Hicks has served as our Senior Vice President of Operations and Development in our corporate headquarters in San Antonio, Texas. Mr. Hicks previously served as VP of Franchising for The Bar Method based in San Francisco, CA from November 2015 to November 2016. Prior to that, he was the SVP of Franchising, International and Retail for Gold's Gym in Dallas, TX from September 2010 to October 2015.

Vice President of Marketing: Alice O'Donnell

Since February 2015, Mrs. O'Donnell has served as our Vice President of Marketing in our corporate headquarters in San Antonio, Texas. Mrs. O'Donnell previously served as Vice President of Marketing of Sun Tan City, from May 2012 through January 2015 in Louisville, Kentucky. Prior to that, she served as a Marketing Director for Agile Pursuits Franchising Inc., from September 2010 through April 2012 in Cincinnati, Ohio.

Chief Information Officer: Matt Goebel

Since May 2015, Mr. Goebel has served as our Chief Information Officer in our corporate headquarters in San Antonio, Texas. Mr. Goebel has ownership interest in MH Indy, LLC, which operates Massage Heights businesses similar to the type being offered under this Disclosure Document in Indianapolis, Indiana. Mr. Goebel also serves as an IT advisor for Sun Tan City in Louisville, Kentucky since August 2010. Mr. Goebel previously served as President of Polleo Systems in Indianapolis, Indiana from January 2012 to December 2014.

Manager: Roy Terracina

Since July 2015, Mr. Terracina has served as a Manager of our Board of Managers in our corporate headquarters in San Antonio, Texas. He also currently serves as Chairman of the Board for Our Lady of the Lake University in San Antonio, Texas and has done so since 1995; Vice Chair of U.S. Global Investors in San Antonio, Texas since 1995; Board Member of Michael Angelo's Gourmet Italian Foods in Round Rock, Texas since 2005; Board Member of The Najim Family Foundation in San Antonio, Texas since 2009, and Board Member of TGP Franchising, LLC in San Antonio, Texas since April 2016, with ownership interest since November 2015. Mr. Terracina also has ownership interest in AT2, LLC, which operates Massage Heights businesses similar to the type being offered under this Franchise Disclosure Document in Austin, Texas

ITEM 3
LITIGATION

Degam Ventures, LLC, et. al. v. Massage Heights Corporate, LLC (CV-2014-08927) (District Court of Harris County Texas, 129th Judicial District). On or around February 21, 2014, six area representatives (formerly referred to as Area and Regional Developers) filed a lawsuit against MH Franchising (f/k/a Massage Heights Corporate, LLC). The lawsuit was filed in response to default letters sent to the claimants regarding their failure to meet sales goals set forth in their regional and area development agreements. The lawsuit conceded the sales goals were not met but contends that was due to MH Franchising's failure to provide the claimants with enough support to meet their goals. The complaint sought, among other things, an order preventing MH Franchising from terminating the area developer and franchise relationships. The petition was dismissed and ordered to mediation in San Antonio, Bexar County. As of June 2014, all six claimants amicably resolved their differences with MH Franchising and voluntarily dismissed their legal claims.

Except as provided above, no litigation information 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

Initial Franchise Fee

You must pay us an initial franchise fee ("Initial Franchise Fee") of $42,000 for the first MH Franchise. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your MH Business and also offsets some of our franchisee recruitment expenses. If you purchase additional MH Franchises at the same time as your first MH Franchise, we will discount your Initial Franchise Fee to $32,000 for each additional MH Franchise, payable when you execute your Franchise Agreement or the Area Development Agreement, if applicable. All Initial Franchise Fees are uniform and deemed fully earned by us once paid and are non-refundable.

We participate in the VetFran program. Under this program, active duty military and honorably discharged veterans of the United States armed forces receive a 10% discount on our Initial Franchise Fee.

During our last fiscal year, which ended December 31, 2016, we collected Initial Franchise Fees ranging from $0 to $42,000.

Start-Up Advertising Expense

You are required to spend a minimum of $14,000 ("Start-Up Advertising Expense") for opening of your MH Business. We reserve the right to conduct your initial advertising program on your behalf. If we exercise this right, the Start-Up Advertising Expense amount will be payable to us, plus a 10% administrative fee, if we choose to conduct the grand opening campaign. If payable to us, this expense will be due prior to the opening of the Retreat and is not refundable. See Item 7 and Item 11 for more information regarding the Start-Up Advertising Expense.

Retreat Development Package

We require franchisees to purchase a "Retreat Development Package" of startup items from Summit. This payment is due upon the signing of the Lease for your Retreat. The Retreat Development Package will be delivered to your Retreat at a designated time in the build out process prior to the opening of your Retreat. The Retreat Development Package includes: (i) all reception furniture, millwork (including lobby desk and credenza, treatment room cabinetry and shelving, custom lavatory, display tables, storage cabinets and lockers), equipment (including massage tables, massage chairs, stools, hot towel cabinets, stone warmers and other items, (ii) interior logo panel and (iii) your initial operational and retail inventory including massage lotions, linens, oils, stones, retail items, towels, bottles and other items. Facial service supplies and equipment are included in the Retreat Development Package, but it does not include operational and retail professional products provided which must be purchased from our approved suppliers. The installation of the millwork and delivery is included in this cost and will be arranged by Summit. We estimate the cost of the Retreat Development Package to range from $115,000 to $136,000, depending on the size of your particular Retreat. You may also be required to pay sales or use tax for the Retreat Development package. The Retreat Development Package payments are not refundable under any circumstances.

Software

You are also required to purchase your operations software from us. You must pay us a fee of $2,000 for the software which includes installation and three months of maintenance fees, payable upon the signing of the Franchise Agreement. You will be assessed a monthly, on-going maintenance fee of $500 per month (See Item 6) after the initial three months as stated in the "Use and License Agreement" attached to this Franchise Disclosure Document in Exhibit H.

Site Evaluation Assistance

If you request that we send a representative into your city to assist you in the site selection process for your Retreat, and if we elect to assist you, we reserve the right to charge a site evaluation assistance fee ranging from $0 to $5,000 ("Site Evaluation Assistance Fee") in accordance with the fee schedule set forth in the confidential Brand Standards Manual.

The fee will vary depending on the number of days our representative is required to assist you. The Site Evaluation Assistance will include an examination of the physical layout, proximity to relevant operations, like competitive businesses, airport, hotels. It will also include a review of the population density, census data, demographic and income characteristics of the area, proximity of the proposed location to other MH Businesses, or any other criteria as set forth in the Franchise Agreement.

Alternatively, we may require you to use our approved supplier for site selection assistance. If we required this, you would pay the supplier directly for this service. The Site Evaluation Assistance Fee is deemed fully earned by us once paid and is non-refundable.

Demographic /Psychographic Analysis

You are required to pay us a $1,000 site analysis fee to analyze the sites that you submit for your Retreat. The analysis provides information helpful to not only select a site that matches up with MH Franchise core customers but with relevant information you can use to market to the customer segments in your area as part of your local store marketing plan. This fee is due upon when you submit Retreat sites for approval and is non-refundable.

Fixed Royalty Fee

If you fail to open the MH Business within 270 days from the effective date of your Franchise Agreement, you will pay a fixed royalty fee ("Fixed Royalty Fee") in the amount of $250 per week until the Retreat is open. This fee is non-refundable.

Area Developers

Area Developers must pay a Development Fee ("Development Fee") which is equal to the Initial Franchise Fee for each MH Business you intend to develop under the Area Development Agreement. The Development Fee is equal to $42,000 plus $32,000 for each additional franchise you open under the Area Development Agreement. Area Developers must open a minimum of two MH Businesses.

The Development Fee must be paid when you sign the Area Development Agreement and is not refundable under any circumstances, even if you fail to meet your Development Schedule. You will be required to sign our then-current MH franchise agreement for the initial MH Business at the same time you sign the Area Development Agreement. You will sign our then-current franchise agreement for each additional MH Business according to your Development Schedule. You will not be required to pay an Initial Franchise Fee under these

franchise agreements because you will have already paid the Initial Franchise Fee by paying the Development Fee. All other fees will apply for each additional MH Business. All other fees listed above in this Item 5 will apply for each additional MH Business.

If you form an entity to open any additional MH Franchises within the Development Territory, you must own at least 51% of the issued equity securities in each entity. You must provide us with necessary documentation to show your ownership interest.

ITEM 6
OTHER FEES

Type of Fee[(1)]	Amount	Due Date	Remarks
Royalty[(2)]	6% of gross revenues or $250 Fixed Royalty Fee	Due bi-weekly on Wednesdays	Once the Retreat is open, the royalty fee is based on gross revenues during the previous two weeks. If the Retreat does not open within 270 days after you sign the Franchise Agreement, you will pay the Fixed Royalty Fee in the amount of $250 per week until the Retreat is opened or the Franchise Agreement is terminated according to our rights set forth in the Franchise Agreement. The weekly fixed royalty rate shall be due bi-weekly on Wednesdays.
Brand Fund Contribution	Currently 1.5% to 3% of gross revenues	Same as royalty	You will be required to contribute 1.5% of your gross revenues during the first 12 months of operation of your MH Business (this only applies to new MH Businesses, and not the assignments, assumptions or transfers of existing MH Businesses). This will increase to 3% beginning with your 13th month. This contribution will be used for a system-wide "Brand Fund" for our use in promoting and building the Massage Heights brand. We reserve the right to increase this contribution up to 5% upon 30 days' written notice.
Local Advertisement Payment	The difference between the amount you spent on local advertising each month and your required local advertising expenditure	As incurred	Local advertising requirements are discussed in Item 11. If you fail to meet your minimum local advertising requirements on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund.
Local and Regional Advertising Cooperatives[(3)]	Established by cooperative members	Established by cooperative members	The cooperative will establish rules approved by us. Each MH Business gets one vote.

Type of Fee[1]	Amount	Due Date	Remarks
Software Fee	Currently, $500 setup fee and a monthly maintenance fee	Same as royalty	Payable after initial 3 months of operation. We may change or update software and you will be required to pay for updates or new software. This monthly fee may increase each year on the anniversary of the execution of the Franchise Agreement. You are required to sign our Use and License Agreement attached to this Franchise Disclosure Document as Exhibit H.
Additional Persons Fee for Initial Program[4]	$500 per person per day	As incurred	An initial Training Program is provided at no charge for up to 3 people, 1 of whom must be a managing owner.
Additional Training and Assistance Fees	$500 per day plus expenses, including travel, lodging and meals	On demand	If we determine the need of or if Franchisee desires additional training or assistance, we may require this fee plus all travel, lodging and meal expenses incurred by our staff.
Relocation Fee	Our costs up to $5,000	Upon relocation.	You must reimburse us for our reasonable expenses if we permit you to relocate the MH Business. We will provide you with copies of our invoices for our expenses from any third party providers upon request.
Transfer Fee	25% of the then current Initial Franchise Fee	$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of approved transfer	Payable only in connection with the transfer of your MH Business, a transfer of ownership of your legal entity, or the Franchise Agreement.
Successor Franchise Fee	25% of the then current Initial Franchise Fee	Before execution of successor franchise agreement	This fee is payable if you qualify for a successor franchise and choose to enter into a successor franchise agreement. This is commonly referred to as a "renewal fee."
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Revenues by more than 2% for the audited period or if you do not submit the required reports.
Insurance Placement	You must reimburse our costs plus a 20% administrative fee	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.

Type of Fee[1]	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your MH Business.
Legal Costs, Accounting Fees and Other Professional Fees	Will vary under circumstances	As incurred	You will be required to reimburse us for any legal, accounting or other professional fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Late Payment Fee	$100 per occurrence	As incurred	Payable if any payment due to us or our affiliates is not made by the due date.
Interest	Lesser of 18% per annum or highest commercial contract interest rate allowed by law	As incurred	This fee is charged on any late payments to us or our affiliate, including royalty fees, advertising contributions, and product purchases.
Late Reporting Fee	$100 per week	As incurred	You will continue to incur this fee until you submit the required report.
Insufficient Funds Fee	$100 per incident	As incurred	Payable if any check or electronic funds transfer ("EFT") is not successful due to insufficient funds, stop payment or any similar event.
Payment Service Fees	Up to 4% of total charge	As incurred	If payment is made to us by credit card for any fee required, we may charge a service charge of up to 4% of the total charge.
Supplier and Product Evaluation Fee	Cost of inspection and test of sample (approximately $100 to $500 per test)	As incurred	Payable if we inspect a new product or service or a proposed supplier nominated by you.
De-Identification	Will vary under circumstances	As incurred	Payable if we de-identify the franchise upon its termination, relocation, or expiration.
Management Fee	$200 per day plus expenses, including travel, lodging, and meals	As incurred	If you default under the Franchise Agreement or the designated retreat director dies or becomes disabled, we can designate a temporary manager to manage your Retreat until you cure the default or find a replacement designated retreat director, which may be you or one of your owners, as applicable.

Type of Fee[(1)]	Amount	Due Date	Remarks
Promotional Package Fee	Varies depending on merchandise	As incurred	We may put together promotional packages that will include specific holiday promotional materials. We estimate each package to cost less than $200 but the actual cost will depend on the size of your Retreat and the materials included.
National Franchise Convention Fee	Varies each year (currently between $179-$299 per person)	Annually	Payable to us to help defray the cost of your attendance at the annual convention. This fee is non-refundable and is due even if you do not attend the convention.
Initial Training Extension Fee	$500	On demand	This fee is due if we are unable to complete initial training in the specified time frame due to your lack of knowledge, failure to attend or other factors in your control.
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint, which varies	On invoice	Payable if a customer of a MH Business you operate contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.
Default Fee	$500 per incident	On demand	Payable if you are in default of your Franchise Agreement (this fee does not apply to failure to meet opening deadline) and do not cure the default within the required period. Payable immediately upon committing a non-curable default or the use of unauthorized advertising. This fee is in addition to any other rights or remedies available to us. This fee is intended to offset the damages that we incur as a result of your default and is not intended as a penalty. This fee is deposited into the brand fund contribution for the benefit of all franchisees and is not collected for our profit.
Liquidated Damages	50% of the then-current Initial Franchise Fee	Within five days after termination of the Franchise Agreement	Due if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Broker Fees	The actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	Payable only in connection with the transfer to a purchaser that was referred to you through a broker that is not an affiliate of ours.

Notes:

1. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("EFT") or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit H). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Royalty. The term "Gross Revenues" means the total selling price of all services and products sold at or from or through the MH Business you operate, whether or not sold or performed at or from the MH Business you operate, including the full redemption value of any gift certificate or coupon sold for use at the Retreat (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation) and all income and revenue of every other kind and nature related to the MH Business operation, whether for cash or credit and regardless of collection in the case of credit. (See Franchise Agreement for a complete definition of Gross Revenues).

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee	$42,000	$42,000	Lump Sum	When you sign the Franchise Agreement	Us
Retreat Development Package[(1)]	$115,000	$136,000	Lump Sum	When you sign the Lease	Affiliate
Security Deposit[(2)]	$3,500	$9,600	As Agreed	Before Opening	Landlord and /or Utility Companies
3-Months' Lease Rent[(3)]	$10,500	$42,500	As Agreed	As Agreed	Landlord
Leasehold Improvements and Professional Design Fees[(4)]	$170,000	$238,000	As Agreed	Before Opening	Landlord, Construction Contractors, or Third Parties
Exterior Signage[(5)]	$4,300	$8,000	As Agreed	Before Opening	Third Parties
Equipment[(6)]	$15,000	$26,500	As Agreed	Before Opening	Third Parties
Computer Hardware and Software Fees[(7)]	$10,400	$13,500	As Agreed	Before Opening	Third Parties, and Us
Business Licenses and Permits[(8)]	$150	$2,100	As Required	Before Opening	Governmental Agencies
Professional Fees[(9)]	$1,000	$10,000	As Agreed	Before Opening	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Inventory[(10)]	$9,400	$13,750	As Agreed	Before Opening	Third Parties
Insurance[(11)]	$3,500	$6,000	As Agreed	Before Opening	Insurer
Initial Training Expenses[(12)]	$1,500	$3,000	As Incurred	As Incurred	Third Parties
Start-Up Advertising Expense[(13)]	$14,000	$15,400	As Agreed	Before Opening	Third Parties or Us
Local Advertising Requirement[(14)]	$9,000	$9,000	As Agreed	As Incurred	Third Parties
Telecommunications Services and Advertising[(15)]	$350	$1,000	As Agreed	As Incurred	Third Parties
Additional Expenditures for Facial Services[(16)]	$4,500	$5,000	As Agreed	Before Opening	Third Parties
Site Evaluation Assistance Fee[(17)]	$0	$5,000	As Agreed	Before Opening	Third Parties and Us
Demographic /Psychographic Analysis[(18)]	$1,000	$1,000	As Agreed	Before Opening	Us
Additional Funds- 3-months[(19)]	$15,000	$50,000	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT[(20)]	$430,100	$637,350			
Area Development Agreement	If you purchase multiple MH Franchises under the Area Development Agreement, you will incur all costs listed above for each MH Business that you open except that you will not be required to pay an Initial Franchise Fee but will be required to pay a Development Fee as explained in Item 5. If you were to open two MH Businesses, utilizing the same estimated expenses above, we estimate the total cost to range between $850,200 and $1,264,700. The cost for each additional MH Business opened under an Area Development Agreement will be the same as the cost of a single franchise.				

Notes:

These estimated initial expenses describe the estimated range of the initial investment for a single MH Business that will occupy space ranging from a size of approximately 1,980 square feet to 2,800 square feet with between 8 massage rooms with 9 tables and 10 massage rooms with 11 tables. Each additional room exceeding 10 rooms will cost approximately $3,000 per room. Our estimates are based on our experience, the experience of our affiliates and our current requirements for MH Franchises. The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your MH Franchise may be greater or less than the estimates given depending upon the location of your Retreat and current relevant market conditions. We relied on the experience of our Affiliates in operating Retreats similar to the type offered under this Franchise Disclosure Document and our Franchisees that have been in operation since January

2008 to compile these estimates. You should review these figures with a business advisor before making any decision to purchase the MH Franchise.

1. Retreat Development Package. The Retreat Development Package includes millwork, interior signage, reception and office desk, reception seating, retail display tables, massage tables and chairs, operational inventory including massage lotions and oils, massage equipment, facial supplies and equipment and retail and back bar operational products. See Item 5 for more information regarding the Retreat Development Package.

2. Security Deposit. This estimate does not include deposits required by your telecommunications services company.

3. 3-months Lease Rent. This estimate includes three months' rent at a monthly rate of approximately $1.66 per square foot to $4.17 per square foot. Your actual rent payments may vary, depending upon the size of your Retreat and your market's retail lease rates. Retreats will typically be 1,980 to 2,800 square feet in size. Retreats typically are located in shopping malls and strip malls. If you purchase instead of lease the premises for your Retreat then the purchase price, down payment, interest rates and other financing terms will determine your monthly mortgage payments.

4. Leasehold Improvements and Professional Design Fees. Building and construction costs will vary depending upon the pre-existing condition of the premises for the Retreat, the size of the premises, local construction cost and, the extent and quality of improvements desired by you over and above our minimum requirements. This estimate does not include tenant improvement allowances ("TIA"), which is a negotiated sum a landlord may be willing to spend to customize the leased space for the needs of a tenant. If offered, the range of the TIA may be as low as $5 per square foot and as high as $40 per square foot. You should investigate whether TIA are regularly offered in your area. Professional retreat design fees will vary based on the size, structure and type of Retreat and may include preliminary layout, construction documents, architectural and engineering plans.

5. Exterior Signage. This estimate is for a single exterior sign. The type and size of the signage installed will be based upon the zoning and property use requirements and restrictions. These estimates assume you purchase your exterior signage. There could be an occasion where certain signage is not permitted because of zoning or use restrictions.

6. Equipment. This estimate includes a sound system, sound masking system, appliances, interior decorative items not included in the Retreat Development Package, and phone system.

7. Computer Hardware and Software Fees. This estimate includes the cost of obtaining the required computer hardware, networking equipment and installation and our required customized software. There is a one-time setup fee of $500 for our customized software and a recurring monthly "Software Fee" (See Item 6 for more information on this fee).

8. Business Licenses and Permits. Certain states may require that you file and post a bond to sell memberships or if you are classified as a health spa. It is your responsibility to verify whether or not your state requires such bond and provide us with the bond documentation.

9. Professional Fees. We strongly recommend that you hire a lawyer, accountant or other professional to advise you on this Franchise offering, the lease for your Retreat and to assist you in setting up your MH Business. Rates for professionals can vary significantly based on area and experience.

10. Initial Inventory. This estimate includes the beginning inventory for three months. These items include office supplies, opening marketing kit, brochures, flyers, business cards, recruiting materials, gift cards and certificates, stationery, table signs, forms, membership cards, decals, pre-opening and grand opening banners, pens and other marketing materials not included in the grand opening advertising program.

11. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a MH Business, your rates may be significantly higher than those estimated above.

12. Initial Training Expenses. We provide training at our corporate office located in San Antonio, Texas, at another location designated by us, and/or through an online platform. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees. Initial training is provided at no charge for your managing owner and up to two key personnel. If additional, initial training is required, or more people need to be trained, an additional fee may be assessed. This estimate includes the travel and living expenses including airfare that you will incur when you and one other person attend the initial training program for Retreats. It does not include any wages or salary for you or your employees during this training.

13. Start-Up Advertising Expense. The Start-Up Advertising Expense will be spent towards generating awareness within the local trade area of the opening of the Retreat and promoting introductory massage and facial services as well as memberships. Money will be allocated to execute an integrated marketing plan which may include promotional introductory offer gift cards, direct mail, saturation mail, radio, print advertising, outdoor advertising, public relations, pay per click and remarketing campaigns, call tracking and events both in-Retreat and off-site including ribbon cutting and grand opening event. Item 11 contains more information regarding the Start-Up Advertising Expense.

14. Local Advertising Requirement. This estimate includes three months ($3,000 per month) of local advertising once your Retreat has opened. Item 11 contains more information regarding the Start-Up Advertising Expense and local advertisement requirement.

15. Telecommunications Services and Advertising. This estimate includes the security deposits and service fees for your telecommunications system, telephone directory advertising fees and startup fee for online business listing and reputation management services.

16. Additional Expenditures for Facial Services. MH Businesses began offering facial services system-wide in April 2012 after approximately two years of testing. Facials may be offered in dual use therapy rooms unless local and state regulations require separate rooms. The costs are determined by the number of rooms being designated as dual use and this estimate range assumes there will be two rooms. Certain facial equipment and supplies are included in the Retreat Development Package that must be purchased from Summit. This estimate is for the remaining retail and back bar operational products that you will need.

17. Site Evaluation Assistance Fee. If we assist you with site selection, you must pay our, or our designee's, expenses for travel, lodging, meals and/or reasonable per diem, which are included in this estimate.

18. Demographic/Psychographic Analysis. We will perform a demographic/psychographic analysis of the sites that you submit for acceptance and provide you with the results of the analysis for the site you select. The analysis provides information helpful to not only select a site that matches up with The Massage Heights core customers but with relevant information you can use to market to the customer segments in your area as part of your local store marketing plan.

19. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three month startup phase of the MH Business. They include payroll, administrative, utilities and other items. These figures do not include standard pre-opening expenses, Royalties, or advertising fees payable under the Franchise Agreement or debt service, and assume that none of your expenses are offset by any sales generated during the startup phase. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the MH Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the startup period; and the size of the MH Business you operate. Additional funds for the operation of the MH Franchise will be required after the first three months of operation if sales produced by the MH Franchise are not sufficient to produce positive cash flow.

20. Figures May Vary. This is an estimate of your initial startup expenses for one MH Franchise. 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

You must operate your MH Business according to our System and specifications. This includes purchasing or leasing all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the MH Franchise under our specifications, which may include purchasing these items from: (1) our designees, (2) approved suppliers, and/or (3) us or our affiliates. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

Standards and Specifications

You must establish and operate your MH Business in compliance with your Franchise Agreement and the standards and specifications contained in the brand standards manual ("Brand Standards Manual") loaned to you by us.

The Brand Standards Manual consists of one or more manuals, policies and procedures and other written materials and may be modified by us periodically. The Brand Standards Manual states our specifications, standards and guidelines for all products and services we require you to obtain in establishing and operating your MH Franchise and approved vendors for these products and services. We will notify you of new or modified specifications, standards and guidelines through periodic amendments or supplements to the Brand Standards Manual or through other written communication (including electronic communication such as email or through a system-wide intranet). We will issue copies of our standards and specifications in the Brand Standards Manual to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase, install, maintain in sufficient supply and use, only fixtures, furnishings, equipment, signs and supplies that conform to the standards and specifications described in the Brand Standards Manual or otherwise in writing. You must at all times maintain an inventory of approved products in sufficient quantities and variety to realize the full potential of your MH Business.

Technology System

MH Businesses must license from us or our designated suppliers certain proprietary computer programs and related materials developed for use in the operation of the MH Business ("Software"). MH Businesses are required to purchase the Technology System (defined in Item 11, below) from our designated suppliers. You must use the Technology System that we periodically designate to operate your MH Franchise. You must obtain Technology System, software licenses, maintenance and support services, collaboration tools, online scheduling/booking services, native phone apps, and other related services from the suppliers we specify (which may be limited to us and our affiliates).

Insurance

You must obtain and maintain the insurance coverage that we require, and satisfy other insurance-related obligations. You must buy insurance only from carriers rated A-VIII or better by A.M. Best and Company, Inc. or a similar reporting company if such rating is unavailable in your area (or similar criteria as we specify). We may increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies you purchase must name us, including any affiliates we designate as additional named insureds, and provide for 30 days' prior written notice to us of a policy's material modification or cancellation. If you fail to obtain or maintain the insurance we specify, we may, but not be required to, obtain the insurance for you and the Retreat on your behalf (See Item 6). The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment histories. If we obtain insurance on your behalf, you will be required to reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.

Purchases from Approved Suppliers

We estimate that 70% of purchases required to open your MH Business and 40% of purchases required to operate your MH Business will be from us or from other approved suppliers or under our specifications. We are currently the only approved supplier of the demographic/psychographic analysis and the software that you will use for your MH Business. During our 2016 fiscal year, our total revenue was $6,352,301. Our revenue from required purchases by Franchisees was $828,240 which represents approximately 13% of our total revenue for 2016. These figures also include products and services sold to area representatives for use in their MH Businesses. Because of our accounting practices, we are unable to segregate these figures for area representatives, so we are presenting them using the totals, above.

Our affiliate, Summit, is the only approved supplier for the Retreat Development Package and initial and ongoing equipment and supply purchases. Our parent company, SWG International, LLC also owns majority equity interest in Summit. During the last fiscal year, Summit's revenue from required purchases by franchisees was $2,752,229

We have negotiated price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating your MH Business. During our last fiscal year, some of our suppliers paid us a rebate, which ranged from 0% to 10% of overall franchisee purchases.

We do not have purchasing and distribution co-operatives as of the Issuance Date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We do not provide material benefits,

such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases.

Approval of New Suppliers

We will provide you a list of approved suppliers in the Brand Standards Manual which will be updated as necessary. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for services and products that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed product, service or supplier. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to other Massage Heights franchisees to ensure timely deliveries of the product or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

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 Franchise Disclosure Document.

FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Definitions and Sections 5, 7 and 8	Item 11
b. Pre-opening purchases/leases	Sections 8 and 9	Items 8 & 11
c. Site development and other pre-opening requirements	Section 8	Items 6, 7 & 11
d. Initial and ongoing training	Sections 7 and 8	Item 11
e. Opening	Section 8	Item 11
f. Fees	Sections 5, 6, 8, 9, 11, 12 and 16 and Attachment A of Area Development Agreement	Items 5 & 6
g. Compliance with standards and policies/Brand Standards Manual	Definitions and Section 7 and 8	Item 11
h. Trademarks and proprietary information	Section 10	Items 13 & 14

Obligation	Section in Agreement	Disclosure Document Item
i. Restrictions on products/services offered	Sections 8, 9 and 14	Items 8 & 16
j. Warranty and customer service requirements	Section 8	Item 11
k. Territorial development and sales quotas	Section 4 and Attachments A and B of Area Development Agreement	Items 11 & 12
l. On-going product/service purchases	Sections 8 and 9	Item 16
m. Maintenance, appearance, and remodeling requirements	Sections 3 and 8	Item 7, Note 2
n. Insurance	Section 12	Item 8
o. Advertising	Section 11	Item 11
p. Indemnification	Section 12 and Section 11 of Area Development Agreement	Not Applicable
q. Owner's participation/ management and staffing	Section 8 and Section 1 of Area Development Agreement	Item 15
r. Records and reports	Section 6	Items 6 & 17
s. Inspections and audits	Sections 6 and 8	Item 6
t. Transfer	Section 15	Item 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Sections 10, 14 and 17	Item 17
w. Non-competition covenants	Section 14	Item 17
x. Dispute resolution	Section 20 and Section 15 of Area Development Agreement	Item 17

ITEM 10
FINANCING

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

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

Except as listed below, MH Franchising is not required to provide you with any assistance.

Pre-opening Obligations

Before you open your MH Business, we (or our designee) will provide the following assistance and services to you:

1. Provide you with written site selection guidelines and criteria and provide site selection assistance to determine an acceptable location for your Retreat, as we have outlined in the Brand Standards Manual (See Section 7.3(c) of the Franchise Agreement).

2. Assist you in your site selection process by providing site selection guidelines authorizing a site for the Retreat and reviewing and authorizing a Lease for the Retreat (See Sections 7.3(d) and 7.4 of the Franchise Agreement). While we will review the Lease, you are solely responsible for negotiating the business and legal terms of the Lease. You may not negotiate a Lease prior to receiving our written consent of the site for the Retreat.

3. Provide an initial training program ("Initial Training Program") for up to three people, one of which must be you (or your managing owner, if you are an entity) and one of which must be your designated Retreat director (if you have one) (See Section 7.3(e) of the Franchise Agreement and provide a representative to conduct on-site assistance for pre-opening and opening assistance for a maximum of five business days, four of which will occur prior to your opening of your MH Business to the public and one of which will occur on the opening date. If you request additional representatives or request that our representative stays for more than five business days, we may charge you a daily fee and you must reimburse us for all additional lodging, food and transportation costs we incur during the additional time period. (See Section 7.3(f) of the Franchise Agreement). We will provide training to you (and/or your managing owner) on the System, System guidelines, and operational and brand standards (See Section 7.3(e)). We will not train or assist in training your employees or independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the MH Business.

4. Provide you with mandatory and suggested specifications and layouts for your MH Business, including requirements for dimensions, design, image, interior, layout, décor, and operating assets (See Sections 9.99 of the Franchise Agreement). You must submit final construction plans and specifications to us for our approval before you begin construction at the premises, and must construct the MH Business in accordance with those approved plans and specifications (See Section 7.3(h) of the Franchise Agreement).

5. Provide you with specifications for all initial and replacement furniture, fixtures, equipment, inventory and suppliers required to operate your MH Business (See Section 7.3(b) of the Franchise Agreement).

6. Identify the operating assets, approved products, and other items that you will use to develop and operate the MH Business (See Section 7.3(i) of the Franchise Agreement).

7. Provide you with access to our Brand Standards Manual. The Brand Standards Manual contains approximately 398 pages. The Table of Contents for the Brand Standards Manual is attached to this Franchise Disclosure Document as Exhibit G (See Section 7.3(g) of the Franchise Agreement).

8. Provide you with assistance or management on your grand opening marketing programs (See Section 7.3(j) of the Franchise Agreement).

Site Selection

You must select the site for the Retreat subject to our consent. We do not typically sell, lease or sublet real estate that we own or rent to our franchisees. We will consult with you on our current site selection guidelines and provide other site selection counseling as we deem advisable (See Section 7.4 of the Franchise Agreement). In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics. You may not relocate the Retreat without our

prior written consent. Before leasing or purchasing the site for the Retreat, you must submit to us, in the form we specify, a description of the site, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site, a site inspection, and a demand study. If we disapprove of the proposed site, you must select another site, subject to our consent. If we do not respond with an approval of your request for the site for your Retreat, the site will be deemed disapproved. You must purchase or lease, at your expense, the site for the Retreat within 90 days after signing the Franchise Agreement. If you and we cannot agree on an acceptable location for your Retreat, we may terminate the Franchise Agreement. You must submit for review any sale or lease contract before you sign it. Although we will consult with you on your site, assist you in finding an acceptable location, and require that your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Retreat. Our consultation is not a promise or guarantee that the Retreat operated at your site will be successful. You may not relocate the Retreat without our prior written consent.

Schedule for Opening

You must schedule the opening of your MH Business within 270 days from the effective date of your Franchise Agreement. If you purchase multiple Franchises, we require that you open each additional MH Business within 270 days from opening the previous MH Business. Your failure to meet your opening obligations is a material breach of this Agreement and you may be subject to default, or termination of the Franchise Agreement. The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of a MH Business can vary from 180 to 270 days. Some factors which may affect this timing are your ability to acquire a Retreat through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment, tools and inventory and the time to convert, renovate or build the Retreat. If you do not open your MH Business(es) according to this schedule, but are diligently working to do so within the required period, it has been our custom to grant additional time to open your MH Business, though we are under no obligation to do so.

You must comply with all applicable ordinances, building codes and permit requirements and with any lease requirements and restrictions. You must apply for all required licenses and permits within 20 business days after signing the Franchise Agreement. If you do not receive all required licenses, permits, and certifications within 6 months of executing the Franchise Agreement, we may terminate the Franchise Agreement and we will not refund any part of your Initial Franchise Fee (See Item 5).

You may not open your MH Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the Initial Training Program to our satisfaction and have commenced the on-site assistance program; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received and installed your equipment, supplies, inventory and Technology System. You must be prepared to begin operating your MH Business immediately after we state that your MH Business is ready for opening.

Continuing Obligations

During the term of the Franchise Agreement, we (or our designee) will provide the following assistance and services to you:

1. Inform you of mandatory specifications, standards and procedures for the operations of your MH Business, as described in Item 8 (See Section 7.5(b) of the Franchise Agreement). There are no additional charges for these services.

2. Provide advice regarding the Retreat's operation based on reports or inspections. Advice will be given during our regular business hours via written materials, electronic media, telephone, or in person at Headquarters, or at the MH Business (See Section 7.5(a) of the Franchise Agreement). There are no additional charges for these services.

3. Research new products, services, and training methods and provide you with information concerning developments of this research (See Section 7.5(c) of the Franchise Agreement). There are no additional charges for these services.

4. Allow you to continue to use confidential material and Marks (See Sections 7.5(d) and 10 of the Franchise Agreement).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Develop private label goods or merchandise for resale at the Retreats (See Section 7.7(a) of the Franchise Agreement).

2. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques (See Section 7.7(b) of the Franchise Agreement).

3. Make periodic visits to a MH Business for the purpose of assisting in all aspects of the operation of a MH Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of a MH Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges (See Section 7.7(c) of the Franchise Agreement).

4. Maintain and administer the Brand Fund and use these funds to develop promotional and advertising programs for MH Businesses (See Section 7.7(d of the Franchise Agreement). We may dissolve the Brand Fund upon written notice.

5. Hold periodic system-wide conference calls, national or regional conferences or workshops to discuss business and operational issues affecting MH Businesses, including industry changes, new services and/or merchandise, and marketing strategies. You must pay the conference fee, if any, and all travel, lodging, and meal expenses. We strongly encourage you to attend any conferences or workshops that we may offer (See Section 7.7(e) of the Franchise Agreement).

6. Provide additional assistance and training regarding your MH Business (See Training Section below) (See Section 7.7(f) of the Franchise Agreement).

7. Develop a referral program in which you and any other eligible participants, if any, may receive a referral fee for sending us an actualized lead, as described in the Brand Standards Manual (See Section 7.7(g) of the Franchise Agreement).

8. A representative of ours may, at our sole discretion, provide additional assistance (See Section 7.7(h) of the Franchise Agreement). There may be additional charges for these services. (See Item 6).

9. We may provide you with a monthly newsletter, at our discretion (See Section 7.7(i) of the Franchise Agreement).

Advertising

Start-Up Advertising Expense

We require that you spend a minimum of $14,000 on advertising as your Start-Up Advertising Expense. Beginning approximately 90 days before you open your MH Business, you must spend at least $9,000, and during the first 30 days of operation of the MH Business an additional $5,000 to advertise, market and promote the grand opening of your MH Business. This is in addition to the local advertisement requirement described below. We recommend you follow the guidelines in the Brand Standards Manual that describe how the Start-Up Advertising Expense should be allocated to maximize your advertising efforts. We reserve the right to execute the start-up advertising on your behalf. In such case, you will be required to pay the Start-Up Advertising Expense plus a 10% administrative fee to us.

Brand Fund

We have created a Brand Fund for the marketing of the System, the Marks and MH Businesses. You are required to contribute to the Brand Fund 1.5% of your monthly Gross Revenues during the first 12 months of operation from the opening of your MH Business and 3% beginning with your 13th month and continuing through the term of the Franchise Agreement ("Brand Fund Contribution"). We reserve the right to increase this contribution up to 5% upon 30 days' written notice. If you are purchasing an existing MH Business and it has been operating for more than 12 months at the time the transfer is complete, your Brand Fund Contribution will be 3% (subject to any increases that have taken place). You must pay the Brand Fund Contribution at the same time that you pay your Royalty, based on the amount of Gross Revenues you generated in the previous reporting period. We will deposit the Brand Fund Contributions in a separate bank account, commercial account or savings account. The Brand Fund is administered by us, or one of our affiliates, in our discretion. Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11.

Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Franchisor-owned outlets may, but are not required to, contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account, or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional, or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System, and any other purpose to promote the Massage Heights brand. We may reimburse ourselves, our authorized representatives or our affiliate from the Brand Fund for administrative costs, salaries for those individuals in charge of administering and maintain the Brand Fund, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee

directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available," or similar phrasing, or include information regarding acquiring a Franchise on or as a part of materials and items produced by or for the Brand Fund.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. We will provide an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year upon written request. We did not collect any Brand Fund Contributions during our last fiscal year.

During our most recent fiscal year ended December 31, 2016, the Brand Fund was spent as follows: 24% on web services, 42% on creation, production and advertising, 34% administrative and 0% on the solicitation of new franchises.

Local Advertising

In addition to the Brand Fund Contribution and the Start-Up Advertising Expense, once the Retreat is opened and operating, you must spend the following on local advertising ("Local Advertisement Requirement"):

Time Period	Local Advertisement Requirement
First partial and full calendar year	At least $3,000 per month
Second full calendar year and each subsequent year	You will be required to spend 3% of the yearly Gross Revenues of the previous calendar year over the next calendar year.

If you fail to spend the Local Advertising Requirement by the end of the year, you will be required to pay the difference to the Brand Fund. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other MH franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates, and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all MH Businesses, and you will not issue coupons or discounts of any type except as approved by us.

You may be required to participate in any local or regional advertising cooperative for MH Franchises that is established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each MH Business that the franchisee owns that exists within the cooperative's area. Any cooperative contributions will be credited towards your Local Advertising Requirement. Each MH Business we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We require that each cooperative operate with bylaws or some form of governing documents. Each cooperative must prepare annual unaudited financial statements, and such statements

will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist ear your territory, you will be required to participate in compliance with the provisions of the Brand Standards Manual, which we may periodically modify in our discretion. We currently have eight local advertising cooperatives (Atlanta, Des Moines, Kansas City, Cleveland, San Antonio, Houston and Dallas).

We may in our discretion establish a mandatory local and/or national philanthropy program in which you will host a charitable event for a charity, non-profit, or foundation of your choice ("MH Philanthropy"). The charitable organization must reasonably align with our brand standards. If we implement the MH Philanthropy program, we will not require you to pay Royalties on the Gross Revenues that you earn during the charitable event.

Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

You must order all marketing materials, which include but are not limited to sales, advertising, and promotional materials from our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own marketing materials you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must follow our approved standards. For example, you must use specific fonts for particular marketing materials that you must purchase and install on your computer, as set forth in the Brand Standards Manual. Use of logos, Marks, and other identification materials must follow our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve the items or services that will be sold in your MH Business, those items or services must be included in your Gross Revenues and will be subject to royalties, Local Advertising Requirement and the Brand Fund Contribution. If you use unauthorized advertising materials, this is a default of your Franchise Agreement and you must pay a fee of $500 per incident to the Brand Fund.

If you wish to advertise online, you must follow our online policy, which is contained in our Brand Standards Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, URLs, linking, advertising, and co-branding arrangements. We may choose to restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

You will provide us content for our Internet marketing. We retain the right to approve any linking or other use of our website. You are required to use only vendors approved by us for all digital online marketing (search engine optimization, pay per click, reputation management, etc.), approved local marketing management, and reporting systems.

Advisory Council

We formed an advisory council in February 2011 ("TEAM Council"). The TEAM Council consists of up to nine U.S. franchise members, one Canada franchise member, and up to two Franchisor members. The nine U.S. franchise members of the TEAM Council are elected by all franchisees in the System. The member from Canada and the Franchisor members are chosen by us. We have the power to form, change or dissolve the advertising council in its sole discretion.

Software and Computer Equipment

We estimate the current cost of purchasing the computer system and point-of-sale software will range from $8,400 to $11,500 plus $2,000 for our customized Software. The current computer system consists of the following: one server, two to three front desk workstations running Microsoft Windows 7 Professional (or later) Operating System, one Microsoft Office 2013 or later, one Adobe Acrobat Reader DC version 2015 or greater, one year anti-virus subscription for each computer purchased, one workstation for the employee lounge, one office workstation and network printer to print contracts and reports, all peripherals required for each computer, and one eight port network hub and cables to connect all computers. This computer system combined with our Software are known as the "Technology System"). When you sign the Franchise Agreement you will be required to pay us $2,000 which includes a software setup fee of $500 and three months of Software Fees. You will be assessed the monthly, ongoing Software Fee of $500 (See Items 5 and 6) after the initial three months. This monthly fee may increase each year on the anniversary of your execution of the Franchise Agreement. You must also purchase Microsoft Office 2013 or later for any additional computers purchased and Adobe Acrobat Reader DC version 2015 or greater. You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term "credit card vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). You must also maintain a high-speed Internet connection greater than 5MB down, unless service providers do not provide such service at your location. 2MB down is the minimum size requirement to operate the designated POS system. You are responsible for maintaining updated anti-virus software at all times on any hardware that runs the Software. We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System.

We utilize proprietary software for all MH Businesses. You are required to use this software and enter into the Use and License Agreement which is attached to this Franchise Disclosure Document in Exhibit H. This software will be used by your Retreat to schedule appointments, therapists, and track customer payments. We have the right to independently access your electronic information and data through our proprietary data management and intranet system and to collect and use your electronic information and data in any manner we promote developing the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system.

You must obtain the Technology System, software licenses, maintenance and support services, collaboration tools, online scheduling/booking services, native phone apps, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). We may modify the specifications for, and components of, the Technology System. These modifications and/or other technological developments or events may require you to purchase, lease and/or obtain new or modified computer hardware and/or software, and obtain service and support for the Technology System. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We estimate that the annual costs of any optional or required maintenance updates or upgrading or support contracts can range between $1,000 to $4,000 (however, it may be more or less depending on the update or contract). We have no obligation to reimburse you for any Technology System costs. Within 60 days after you receive notice from us, you must obtain the components of the Technology System that we designate and ensure that your Technology System, as modified, is functioning properly. We have the right to monitor and review your email communications to ensure that our national name, brand and system are not damaged.

We may charge you a reasonable fee or require that you hire a third party vendor for (i) installing, providing, supporting, modifying and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Technology System-related maintenance and support services that we or our affiliates provide to you. If we require you to utilize the services of a third party vendor, you may be required to

pay them directly. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.

You will have sole responsibility for: (1) the acquisition, operation, maintenance and upgrading of your Technology System; (2) the manner in which your Technology System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Technology System is not properly operated, maintained and upgraded.

You must have sufficient computer skills to be able to operate your Technology System and to access email and the Internet. You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. You must utilize and check your designated Massage Heights email account regularly to maintain critical communication with us, promote professional brand representation and support information security.

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date related 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 take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include securing your systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

Training

We provide an initial training program lasting approximately 17 days, or approximately 133 hours, ("Initial Training Program"). The Initial Training Program is usually conducted at our corporate headquarters located in San Antonio, Texas, but may be held elsewhere or through an online platform. The Initial Training Program consist of "Base Camp," "Camp II," "Camp III" and the "Onsite Assistance Program." The On-Site Assistance Program may consist of up to five business days on-site at your Retreat. You must successfully complete the Initial Training Program prior to opening your MH Business.

You may bring a total of three people to the Initial Training Program at no additional charge, one of which must be you (or your managing owner, if you are an entity) and one of which must be your designated Retreat direct, if you have one. You must pay a $500 fee for training each additional person. We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the Massage Heights system and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the MH Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the MH Business. You are responsible for all travel expenses. Our Initial Training Program consists of approximately 133 hours of training as follows:

INITIAL TRAINING SCHEDULE

Subject	Hours Of Classroom Training[(1)]	Hours Of On-The-Job Training	Location
Massage Heights Communication	.5	0	San Antonio, Texas
Franchise Relations	2	0	San Antonio, Texas
Developer/FBC Roles	2.5	0	San Antonio, Texas
Massage Heights Culture	1	0	San Antonio, Texas
The Massage Heights Business	2	0	San Antonio, Texas
Core Customers	1	0	San Antonio, Texas
Recruiting, Hiring & Scheduling	2	0	San Antonio, Texas
Financial Model	4	0	San Antonio, Texas
Pre-Opening Process	8	0	San Antonio, Texas
Site Selection & Build Out	3	0	San Antonio, Texas
Marketing	3	0	San Antonio, Texas
Testing	1	0	Online
Base Camp Review	2	0	Online
Lifestyle Program Sales	2.5	0	San Antonio, Texas
Retail Sales	2	0	San Antonio, Texas
Retreat Goal Setting	.5	0	San Antonio, Texas
Business Goal Setting	1.5	0	San Antonio, Texas
Team Member Recruiting Planning	2	0	San Antonio, Texas
Succession Planning	1	0	San Antonio, Texas
Strategic Scheduling	3	0	San Antonio, Texas
Loss Prevention	1	0	San Antonio, Texas
Guest Experience	1.5	0	San Antonio, Texas
Business Reporting	2	0	San Antonio, Texas
Local Store Marketing	3	0	San Antonio, Texas
Testing	1	0	Online
Retreat Operations	0	40	Your Retreat/Online

Subject	Hours Of Classroom Training[(1)]	Hours Of On-The-Job Training	Location
3 Days Before Opening	0	24	Your Retreat
Mock Day	0	8	Your Retreat
Open and Operating	0	8	Your Retreat
Total	53	80	

Notes:

1. Most of these subjects are integrated throughout the approximate 17-day training program. We currently have a set monthly schedule for the initial training and each session is offered once a month. The Initial Training Program includes approximately 53 hours of classroom or online platform, and on-the-job training, as well as approximately 80 hours of opening support four days before and the opening day of your MH Business for business to the general public. The training may be less than the times indicated above depending on the number and experience of the attendees.

2. Ms. Giovannie Hoff presently works as our Director of Training and Development and has done so since October 2011 in San Antonio, Texas. Ms. Hoff worked for our affiliate, MHLP, acting as the Retreat Director in San Antonio, Texas from March 2009 to November 2009 and as a Software Support Specialist for us in San Antonio, Texas from November 2009 to October 2011. She previously worked for Tanco Tanning Centers in San Antonio, Texas as a Sales Manager from April 2005 to March 2009. Although the individuals instructing the training program may vary, all of our instructors will be employees or contractors of Massage Heights Franchising, LLC and will have experience in their designated subject area. Each Massage Heights trainer is trained and certified as an instructor through the Massage Heights Employee Trainer Program. The program consists of a two month mentoring program and includes classroom training and on-site Retreat training in an operating Retreat location. In addition, each trainer offers assistance in their area of expertise. If you are in an area with a Massage Heights area representative, the area representative may conduct certain parts of the training program so long as the area representative has at least one-year experience with the System.

3. If your Retreat is located in an area representative's development area, then a portion of initial training, the on-site training and continuing training may be provided by that area representative at your Retreat or the area representative's Retreat. We will train the area representative or other training staff representative of ours who provides the on-site training concerning the matters to be taught to you.

4. You will receive on-site assistance and training at your MH Business for up to five business days scheduled around the opening of your MH Business. At our expense, at least one representative of ours or a designated area representative will facilitate the opening of your MH Business. If you request additional assistance that we agree to provide, then you must pay to us an additional training fee and reimburse us for our expenses in providing the additional assistance, including the salary and travel, lodging, meals and other expenses of our employees (See Item 6, Additional Training and Assistance Fees).

5. You will be required to hire only licensed massage therapists and, if applicable, estheticians, that have been trained in accordance with your state's requirements. Massage therapists and estheticians will be

hired as your employees and will receive training in accordance with our standards and procedures including training on how to perform our Elevations.

6. The Brand Standards Manual will be our primary source of training materials during the Initial Training Program and On-Site Assistance Program.

Ongoing Training

From time to time, we may require that you and your designated Retreat directors attend system-wide refresher or additional training courses. Some of these courses may be optional while others may be required. If you appoint a new designated manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your MH Business. The Franchisee is responsible for ensuring non-Franchisee operator is properly trained to operate the TGP Business according to our brand standards. If we conduct an inspection of your MH Business and determine you are not operating in compliance with the Franchise Agreement, our System, or our brand standards, we may require that you attend remedial training. You may also request that we provide additional training (either at corporate headquarters or at the MH Business you operate).

In addition to participating in ongoing training, you will be required to attend an annual meeting of all franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all franchisees (See Item 6). You are responsible for all travel and expenses for your attendees.

ITEM 12
TERRITORY

Retreat Franchises

During the term of the Franchise Agreement, except as provided below, neither we nor any affiliate will establish or operate, or franchise any entity to establish or operate, a business using the Marks and System at any location within your Territory, which is a certain geographic area surrounding the Retreat that is generally an area equal to a 1.5-mile radius around your Retreat, but may be smaller or larger, in our sole discretion, depending on population density, demographics, market trends and traffic flows, to be described in the Franchise Agreement. Your Territory will be designated by a map and geographic description on an attachment to your Franchise Agreement.

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. If we determine that the Territory could support additional MH Businesses based on changes in circumstances (which include, but are not limited to, changes in the population, demographics, psychographics, drive times, or other market or economic conditions in the geographic area that includes all or part of the Territory), then we will offer you a 30-day right of first refusal to purchase the additional MH Businesses. If you do not exercise this right, we may sell another MH Business in your Territory (or we or our affiliates may open a MH Business) and redefine your Territory so that each MH Business will have a territory independent of the other. The right of first refusal will terminate with respect to that MH Businesses if any one of the following conditions applies: (1) you are not then in compliance with any material term of the Franchise Agreement and cannot cure the noncompliance within 30 days of written notice; (2) we determine, in our sole discretion, that you do not meet our then current standards for new franchisees of MH Businesses; (3) we determine, in our sole discretion, that you lack the financial resources to develop and operate an additional MH Businesses; (4) you fail to sign a franchise agreement (containing our then-current terms and conditions) for the additional MH Businesses within 30 days of the date we deliver a

franchise agreement to you for signature; or (5) you notify us that you do not wish to develop and operate an additional MH Businesses within your Territory.

You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter or any other social or professional networking site or blog) or mention or discuss the Franchise, us or our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other on-line use. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers provided you do so from the location of your MH Business under our policies. You may accept customers from outside your territory. You are prohibited from using other channels of distribution and advertising including the Internet, catalog sales, telemarketing, or other direct marketing forms, as well as discount websites offering products or services at reduced prices, and soliciting sales or accepting orders outside your territory without our prior written consent, which we may deny in our discretion. Otherwise, we place no restrictions upon your ability to serve customers from outside your territory provided you do so from the location of your MH Business under our policies.

You do not receive the right to acquire additional MH Franchises within the Territory unless you purchase the right in your Area Development Agreement. You are not given a right of first refusal on the sale of existing MH Franchises.

You do not need to satisfy any sales quota or market penetration in order to maintain your rights to your Territory. We are not required to pay any compensation for soliciting or accepting orders inside the Territory.

We expressly reserve the right, among others:

1. To own, franchise, or operate MH Businesses at any location outside of the Territory, regardless of the proximity to your Retreat;

2. To use the Marks and the system to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, retail locations and other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce. We will not pay you any compensation for our solicitation and acceptance of orders within your Territory.

3. To use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering massage services or related wellness and exercise facilities and related products and services, at any location, including within the Territory, which may be similar to or different from the MH Business operated by you;

4. To purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your MH Business, wherever located;

5. To acquire and convert to the System operated by us any businesses offering services and products related to operating massage, spa or related facilities, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory;

6. To own, acquire, establish and/or operate, and license others to establish and operate, MH Businesses using any proprietary marks or systems (including the Marks and system) at any airport, train station, other transportation facility, hotel, arena, ballpark, stadium, racetrack, other sports facility, cruise ship, casino, or other entertainment facility, grocery store, corporate campus, college campus, or military base, within any outlet mall or other regional mall, within or outside the Territory; and

7. To implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

Area Development Agreement

Under the Area Development Agreement, you are assigned a Development Territory in which you must develop a designated number of MH Franchises. The size of the Development Territory will depend on the number of Retreats to be developed, the demographics of the territory, the population and other factors. In certain densely populated metropolitan areas, a Development Territory may be small if it has a high population density, while Development Territories in less densely populated urban areas may have significantly larger areas. The Development Territory will be an exclusive territory for the development of MH Franchises during the term of the Area Development Agreement so long as you are in compliance with the agreement. This exclusivity grants you the exclusive rights to open Retreats in the Development Territory provided that you follow the terms of the Area Development Agreement. The rights granted under the Area Development Agreement relate only to the development of the MH Franchises identified in the Area Development Agreement. Except as provided in the Area Development Agreement, and subject to your full compliance with the Area Development Agreement and any other agreement among you or any of your affiliates and us or any of our affiliates, neither we nor our affiliates will establish or authorize any other person or entity, other than you, to establish a MH Franchise in your Development Territory during the term of the Area Development Agreement. We will waive our right to establish another MH Franchise within a Territory owned by you that is located within your Development Territory, but only if you are in compliance with the Area Development Agreement and while the Area Development Agreement is in effect. However, we, our affiliates, and any other authorized person or entity (including any other MH Franchise) may, at any time, conduct any other type of activities within your Development Territory that we are permitted to conduct under the Franchise Agreement. All rights of ours to establish additional MH Franchise in such a territory will remain in effect if you are no longer in compliance with your Area Development Agreement or upon termination or expiration of the Area Development Agreement. The above waiver will not apply to any Franchise Agreement for a territory of yours that is not located in your Development Territory. The Development Territory will expire upon the completion of the Development Schedule or the termination of the Area Development Agreement, whichever occurs first, and the only territorial protections that you will receive upon termination will be those under each individual Franchise Agreement.

Upon your first failure to adhere to the Development Schedule, you will lose the exclusivity granted for the Development Territory. Any additional failures to adhere to the Development Schedule will constitute a material event of default under the Area Development Agreement, for which we may, among other things: (i) terminate the Area Development Agreement; (ii) reduce the area of the Development Territory; (iii) permit you to extend the Development Schedule or (iv) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance.

The size of the Development Territory may be a single or multi-city area, single county area or some other area, and will be described in Attachment A of your Area Development Agreement. The specific size of your Development Territory is negotiable between you and us based upon the population density, the number of MH Businesses that you wish to develop, the metropolitan business base in the territory, whether your location is in a metropolitan or rural area, and other comparable factors. The written boundaries of your Development Territory and a map of your Development Territory will be included in your Area Development Agreement. We

will determine the Development Territory before you sign the Area Development Agreement based on various market and economic factors.

ITEM 13
TRADEMARKS

The Franchise Agreement and your payment of Royalties and the Fixed Royalty Fee grant you the non-exclusive right and license to operate your MH Franchise using our principal Marks listed below. You may also use other future trademarks, service marks, and logos we approve to identify your MH Franchise. We use the Marks under a ten year renewable license agreement with their owner, Massage Heights IP, LLC.

The Marks are owned by Massage Heights IP, LLC and are licensed to us. Massage Heights IP, LLC has granted us an exclusive license ("Trademark License") to use the Marks to franchise the system around the world. The Trademark License will automatically renew for subsequent ten year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the system. If the Trademark License is terminated, Massage Heights IP, LLC has agreed to license the Marks directly to our franchisees until each Franchise Agreement expires or is otherwise terminated. Massage Heights IP, LLC has registrations with the United States Patent and Trademark Office ("USPTO") for the following Marks:

Registered Mark	Application/ Registration Number	Application/ Registration Date	Status/Register
MASSAGE HEIGHTS	3,108,570	June 27, 2006	Registered
MASSAGE HEIGHTS	3,437,048	May 27, 2008	Registered
	3,460,861	July 8, 2008	Registered
ELEVATIONS	3,463,132	July 8, 2008	Registered

Registered Mark	Application/ Registration Number	Application/ Registration Date	Status/Register
MASSAGE HEIGHTS	3,511,031	October 7, 2008	Registered
	3,511,891	October 7, 2008	Registered
HEIGHTS AT HOME	3,511,899	October 7, 2008	Registered
THE BETTER BRAND OF MASSAGE	4,048,587	November 1, 2011	Registered
	4,052,647	May 28, 2013	Registered
		November 8, 2011	Registered
(simply better)	4,121,582	April 3, 2012	Registered
(LIVE. LIFE. BETTER.)	4,121,890	April 3, 2012	Registered
(elevate the everyday	4,342,716	May 28, 2013	Registered

Registered Mark	Application/ Registration Number	Application/ Registration Date	Status/Register
(massage heights body face	4,346,349	June 4, 2013	Registered
(Elevations)	4,346,910	June 4, 2013	Registered

All required affidavits have been filed for the registered service. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. Except for the Trademark License agreement, no agreement significantly limits our right to use or license the Marks in a manner material to your franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

Your right to use the Marks is derived solely from your Franchise Agreement, and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable specifications, standards, and operating procedures we prescribe during the term of your Franchise Agreement. Any unauthorized use of the Marks by you will constitute a breach of your Franchise Agreement. Your use of the Marks and any goodwill established by them will be for our exclusive benefit, and your Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of your Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to you under, your Franchise Agreement. You may not at any time during or after the term of your Franchise Agreement contest, or assist any other person in contesting, the validity or ownership of any of the Marks.

You must use the Marks as the sole identification of your franchise, but must also identify yourself as the independent owner of the franchise in the manner we prescribe. You may 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 modified form. You also may not use any Mark with the sale of any unauthorized service or in any manner we have not expressly authorized in writing. You must prominently display the Marks on or with franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe including a conspicuous sign in your Retreat that you are an independently owned and operated licensed franchisee of MH Franchising, LLC; to give any notices of trade and service mark registrations and copyrights that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

You must immediately notify us of any apparent infringement of, or challenge to, your use of any Mark, or any claim by any person of any rights in any Mark. You may not communicate with any person other than us and our counsel about the apparent infringement, challenge, or claim. We and our affiliates will have sole discretion to take any action as we deem appropriate and the exclusive right to control any litigation or USPTO or other proceeding arising out of any apparent infringement, challenge or claim, or otherwise relating to any Mark. You must sign any instruments and documents, render any assistance, and perform any acts that our or our affiliates' counsel deems necessary or advisable to protect and maintain our or our affiliates' interests in any litigation or USPTO or other proceeding related to any Mark, or otherwise protect and maintain our interests in the Marks.

If we decide that it is advisable for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trade or service marks, then you must comply with our instructions to do so within a reasonable time after receiving notice from us.

We will indemnify you against, and reimburse you for (1) all damages for which you are held liable in any judicial or administrative proceeding arising out of your use of any Mark in compliance with your Franchise Agreement; and (2) the costs incurred in defending any claim brought against you or in any proceeding in which you are named as a party arising out of your use of any Mark in compliance with your Franchise Agreement, provided that you have timely notified us of the claim or proceeding, and have complied with the Franchise Agreement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Brand Standards Manuals is proprietary and is protected by copyright and other laws. The Brand Standards Manuals and the limitations of the use of it by you and your officers, employees and independent contractors are described in Item 11 and Sections 7, 8 and 10 of the Franchise Agreement. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, as well as any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Brand Standards Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("Copyrighted Works") for your operation of your MH Business, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly using our Copyrighted Works.

Our Brand Standards Manuals, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems, knowledge of and experience in the development, operation and franchising of MH Businesses, formulations for and packaging of products, our training and techniques, information concerning product and service sales, operating results, financial performance and other financial data of MH Franchises and other related materials are proprietary and confidential ("Confidential Information") and are our property to be used by you only as described in the Franchise Agreement or the Brand Standards Manuals. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for your MH Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other MH Business during the term of the Franchise Agreement.

You must notify us within three days after you learn about another's use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will have discretion to take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents or patents pending are material to us at this time.

We have the right to inspect, copy, and use all records regarding the customers, suppliers and other service providers related in any way to your MH Business. This includes, without limitation, all databases (whether in print, electronic, or other form), all names, addresses, phone numbers, email addresses and customer purchase records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers and other service providers for quality control, market research and such other purposes as we deem appropriate, at our sole discretion.

You must disclose to us all ideas, techniques and products concerning the development and operation of the MH Business you or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us an assignment of these ideas, techniques and products concerning the development and operation of the MH Business you or your employees conceive or develop during the term of the Franchise Agreement in all massage and related facilities or businesses that you operate. We will have no obligation to make any lump sum or on-going payments to you regarding any idea, concept, method, technique or product. You must agree you will not use nor will you allow any other person or entity to use these ideas, techniques or products without obtaining our prior written approval.

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

If you do not personally participate in the operation of the MH Business, or if you are a business entity and your equity interest owners are not personally participating in the operations of the MH Business, you must appoint a "Designated Retreat Director" to act as the operating manager for the MH Business you operate. Your Designated Retreat Director is required to be properly trained to operate the MH Business according to our brand standards. The Designated Retreat Director is not required to have an equity interest in your entity.

If you are an entity, each owner (i.e., each person holding an ownership interest greater than 5% in you) must sign an owner's agreement, the form of which is attached to the Franchise Agreement as Attachment B. We also require that the spouses of the Franchise owners sign the owner's agreement. Any Designated Retreat Director, if you are an entity, any officer, director, manager or other person owning less than a 5% ownership

interest in the franchisee entity, must sign the "System Protection Agreement," the form of which is attached to this Franchise Disclosure Document in Exhibit H. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit H.

The success or failure of the MH Franchise as a business enterprise is dependent solely on your efforts. The purchase of this MH Franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business. In signing the Franchise Agreement, you acknowledge that the risks, financial and otherwise, which are inherent with the beginning of any new business are yours alone. We, as a matter of policy, will not assist you in any decision-making process that may affect the operations of your MH Business.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those services and products authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products at our discretion with prior notice to you (See Item 8). If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. Unless otherwise prohibited by applicable law, we reserve the right to establish minimum and maximum prices for services and products you sell or offer for sale. You will also be required to participate in all system-wide promotions and advertising campaigns that we create.

In addition, you must honor the memberships of clients of other MH Franchises or of other MH Businesses operated by us and our affiliates, and allow members of those Franchises and businesses to use your location without additional charge or as stated in the Brand Standards Manual. We will administer the franchisee-to-franchisee collections and payments for clients who use locations in this manner, in accordance with the Brand Standards Manual. The uniformity of services at all locations is critically important to the success of your Franchise and to the success of our System.

You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter or any other social or professional networking site or blog) or mention or discuss the Franchise, us or our affiliates, without our prior written consent and as subject to our on-line policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other on-line use. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers provided you do so from the location of your MH Business under our policies.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list important provisions of the Franchise Agreement, Area Development Agreement, and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the Franchise	Section 3	10 years.
b. Renewal or extension of the term	Section 3	If you are in good standing and you meet other requirements, you may add 1 successor term of 10 years.
c. Requirements for Franchisee to renew or extend	Section 3	If we consent to such renewal or extension, your successor franchise rights permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. We may require you to upgrade or to relocate your Retreat if a premium location is available in your Territory. You must be in substantial compliance with your current franchise agreement, sign our then-current franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including for example, higher Royalty and Brand Fund Contributions) from the Franchise Agreement that covered your initial term.
d. Termination by Franchisee	Section 17.4	You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach and we fail to cure that breach within 30 days of receiving written notice.
e. Termination by franchisor without "cause"	Not Applicable	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by franchisor with "cause"	Section 17	We can terminate upon certain violations of the Franchise Agreement by you.
g. "Cause" defined – curable defaults	Section 17	You have 3 days to cure health, safety, or sanitation law violations or failure to operate safely. You have 10 days to cure monetary defaults. You have 30 days to cure operational defaults.
h. "Cause" defined - defaults which cannot be cured	Section 17	Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of the Brand Standards Manual, Confidential Information or Trade Secrets of Franchisor; Franchisee voluntarily abandons the MH Business for a period of 5 consecutive days; Franchisee becomes insolvent or is adjudged bankrupt; Franchisee is charged or convicted of any felony

Provision	Section in Franchise Agreement	Summary
		charge, or a crime involving moral turpitude; Franchisee has received 3 notices of default with respect to Franchisee's obligations hereunder from Franchisor within a 12 month period; Franchisee sells, transfers the franchise without complying with the transfer provisions; Franchisee purports to sell, sells or offers for sale any unauthorized merchandise, product or service or engages in any unauthorized business or under the Marks or under a name or mark which is confusingly similar to the Marks; and Franchisee contests in any the validity of or Franchisor's ownership of the Marks or copyrighted materials; Franchisee takes any action which it purports to merge, consolidate, dissolve or liquidate its entity without Franchisor's prior written consent.
i. Franchisee's obligations on termination/non-renewal	Sections 14 & 17	Obligations include complete de-identification, payment of amounts due and return of the Brand Standards Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 15	No restriction on our right to assign.
k. "Transfer" by Franchisee – defined	Section 15	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
l. Franchisor approval of transfer by franchisee	Section 15	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 15	If we have not exercised right of first refusal; new owner must have sufficient business experience and financial resources to operate the franchise; you must pay all amounts due; new owner must complete the Initial Training Program; your landlord must consent to transfer of lease; you must pay transfer fee; you must sign a general release in favor of us; new owner must agree to bring the Retreat up to current standards; new owner signs a new franchise agreement in the then-current form; you must sign a non-compete agreement not to engage in a competitive business for 2 years within 15 miles of that franchise or another MH Franchise.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 16	We have 30 days to match any offer for your business.
o. Franchisor's option to purchase Franchisee's business	Section 16	We may, but are not required to, purchase your entity doing business as a MH Business, its inventory or equipment at fair market value if your MH Franchise expires without extension or is terminated for any reason. We have 30 days after the date of termination or expiration to exercise this option.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of Franchisee	Section 15.9	The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the Franchise	Section 14	Neither you, your co-Franchisees, nor any immediate family members of you or your co-Franchisees may have an ownership interest in, loan money to, or perform services for a competitive business anywhere; you may not interfere with our or our other franchisees' MH Franchises. Further, you may not solicit or hire an employee or independent contractor of any MH Franchise without their written permission, or any employee or independent contractor of ours or our affiliate(s) without our or our affiliate's written permission.
r. Non-competition covenants after the Franchise is terminated or expires	Section 14	Franchisee as an individual or as representative of Franchisee entity, if applicable, cannot have an interest in, own, manage, operate, finance, control, or participate in any competitive business within 15 miles of the Franchise or any MH Franchise, either opened or under development, for 2 years. Further, they may not solicit any customer, employee, or independent contractor of the Franchise or any MH Franchise for 2 years. Owners may not solicit any customer, employee, or independent contractor of the Franchise or any MH Franchise for two (2) years.
s. Modification of agreement	Sections 2.3, 3.5 & 21.11	No modifications of Franchise Agreement during term unless agreed to in writing by both parties, but the Brand Standards Manual is subject to change at any time in our discretion.
t. Integration/merger clause	Section 21.5	Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Disclosure Document and the Franchise Agreement and attachments to Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	Except for certain claims, all disputes must be mediated and arbitrated in Bexar County, Texas.
v. Choice of forum	Section 20.3	All disputes must be mediated and arbitrated, and if applicable, litigated in the county where we maintain our principal place of business (currently, Bexar County, Texas) except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state laws.

Provision	Section in Franchise Agreement	Summary
w. Choice of law	Section 20.3 & 21.1	Texas law applies, subject to any contrary provision contained in the State-Specific Addendum. (See Exhibit F), and subject to applicable state law.

AREA DEVELOPMENT AGREEMENT

Provision	Section in Area Development Agreement	Summary
a. Length of the franchise term	None	Not Applicable
b. Renewal or extension of the term	None	Not Applicable
c. Requirements for you to renew or extend	None	Not Applicable
d. Termination by you	None	Not Applicable
e. Termination by us without cause	None	Not Applicable
f. Termination by us with cause	Section 7	We have the discretionary right to terminate the Area Development Agreement for cause.
g. "Cause" defined—curable defaults	None	Not Applicable
h. "Cause" defined—non-curable defaults	Section 7	Failure to exercise option (and underlying criteria necessary to exercise) for any additional MH Business within the required timeframe or your failure to open the additional MH Business(es) in the time period required by: (i) the respective franchise agreement(s) governing that MH Business; and (ii) the Area Development Agreement.
i. Your obligations on termination/non-renewal	None	Not Applicable
j. Assignment of contract by us	Section 8	We have the right to assign our rights under the Area Development Agreement.
k. "Transfer" by you--defined	Section 8	Not Applicable
l. Our approval of a transfer by you	Section 8	Not Applicable
m. Conditions for our approval of the transfer	Section 8	Not Applicable
n. Our right of first refusal to acquire your business	None	Not Applicable
o. Our option to purchase your business	None	Not Applicable
p. Your death or disability	None	Not Applicable
q. Non-competition covenants during the term of the franchise	None	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	None	See Franchise Agreement.
s. Modification of Agreement	Section 10	Area Development Agreement can only be modified upon written agreement by both parties.

Provision	Section in Area Development Agreement	Summary
t. Integration/merger clause	Section 10	The Area Development Agreement is the entire agreement. Nothing in this provision or any other part of this agreement (or other agreement with us) is intended to disclaim the representations we made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 15	Except for certain claims, all disputes must be mediated and arbitrated in Bexar County, Texas.
v. Choice of forum	Section 15	All disputes must be mediated, arbitrated, and if applicable, litigated in the county where we maintain our principal place of business (currently, Bexar County, Texas), except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 15	Texas law applies, subject to any contrary provision contained in the State-Specific Addendum (See Exhibit F), subject to applicable state law.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of our franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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 performance at a particular location or under particular circumstances.

This Item 19 presents information about the Gross Revenues realized by certain franchisees during the period from January 1, 2016 until December 31, 2016 ("Reporting Period"). We have provided this information to help you make a more informed decision. You should not use this information as an indication of how your specific MH Business may perform. The success of your MH Business will depend largely on your individual abilities and your market. You should conduct your own independent research and due diligence to assist you in preparing your own projections.

The Gross Revenue information in this Item 19 was prepared from sales records and reports by the franchisees of MH Businesses. The numbers have not been audited but we have no reason to doubt their accuracy. In October of 2007, Massage Heights implemented a new design for the MH Business which provided an enhanced experience for Massage Heights' guests as well as a uniform look that would appeal to the masses, as opposed to our previous build which appealed at a regional level rather than a national level ("Next Generation Retreat"). All current Franchises sold operate under the Next Generation Retreat design.

As of December 31, 2016, we had a total of 133 MH Businesses that were open for business during the Reporting Period. This includes 131 MH Businesses owned by franchisees and two MH Businesses owned by our affiliates. Of those 131 MH Businesses owned by franchisees, 74 (including MH Businesses owned by area representatives) met the following criteria: (a) were in operation for 24 months or longer at the beginning of January 1, 2016; (b) were operating a Next Generation Retreat; and (c) were operating a Retreat with at least eight treatment rooms (which is the minimum number of rooms for Retreats for new Franchises) ("Reporting Group"). The information below is a historical financial performance representation for these 74 franchised Massage Heights Businesses. As of the end of the Reporting Period, the Reporting Group was open at least 36 months. A new franchise's financial results are likely to differ from the results presented in this statement.

Quartile	Average Monthly Gross Revenues
1	$1,260,046
2	$836,083
3	$588,858
4	$392,225

Notes:

1. Quartile #1 is comprised of 18 MH Businesses of which 39% of such MH Businesses (7 MH Businesses) reported sales that met or exceeded this average. The range of yearly gross revenue for this quartile was between $967,287 - $1,771,099.

2. Quartile #2 is comprised of 19 MH Businesses of which 47% of such MH Businesses (9 MH Businesses) reported sales that met or exceeded this average. The range of yearly gross revenue for this quartile was between $687,051 - $958,082.

3. Quartile #3 is comprised of 18 MH Businesses of which 56% of the MH Businesses (10 MH Businesses) reported sales above this average. The range of yearly gross revenue for this quartile was between $502,617 - $682,724.

4. Quartile #4 is comprised of 19 MH Businesses of which 58% of such MH Businesses (11 MH Businesses) reported sales that met or exceeded this average. The range of yearly gross revenue for this quartile was between $241,503 - $494,222.

5. For purposes of this Item 19, the term "Gross Revenues" means the amount of all cash receipts for the sale of any products or services of the MH Business.

6. The figures presented above do not reflect the operating expenses or other costs or expenses that must be deducted from the Gross Revenues figures to obtain your net income or profit.

7. Written substantiation of all data illustrated above will be made available to you on reasonable request.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much. Your results are likely to differ from the historic results of the MH Business for which we are providing information. No representations or statements of actual, average or projected sales profits or earnings are made to prospective franchisees, except as stated in this document.

Other than the information provided in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company or affiliate 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 Shane Evans at 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232 and 210-402-0777, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2014-2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	91	106	+15
	2015	106	121	+15
	2016	121	131	+10
Company-Owned*	2014	2	2	0
	2015	2	2	0
	2016	2	2	0
Total Outlets	2014	93	110	+15
	2015	108	123	+15
	2016	123	133	+10

*These outlets are owned by our affiliates, one of which is operating under a Franchise Agreement.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2014-2016

State	Year	Number of Transfers
Arizona	2014	1
	2015	0
	2016	0
California	2014	3
	2015	1
	2016	2

State	Year	Number of Transfers
Florida	2014	0
	2015	2
	2016	0
Maryland	2014	0
	2015	1
	2016	1
Missouri	2014	1
	2015	0
	2016	0
New Hampshire	2014	0
	2015	1
	2016	0
North Carolina	2014	1
	2015	0
	2016	2
Ohio	2014	0
	2015	1
	2016	0
Pennsylvania	2014	0
	2015	1
	2016	0
Texas	2014	3
	2015	2
	2016	2
Totals	2014	9
	2015	9
	2016	13

Table No. 3

Status of Franchised Outlets
For Years 2014-2016

State	Year	Outlets at Start of the Year	Outlets Added	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Arizona	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
California	2014	16	0	0	0	0	0	16
	2015	16	3	1	0	0	0	18
	2016	18	3	1	0	0	0	18
Colorado	2014	1	1	0	0	0	0	2
	2015	2	1	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Florida	2014	5	1	0	0	0	0	6
	2015	6	2	0	0	0	0	8
	2016	8	1	0	0	0	0	9
Georgia	2014	3	3	0	0	0	0	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
Illinois	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Iowa	2014	8	0	0	0	0	0	8
	2015	8	0	0	0	0	0	8
	2016	8	1	0	0	0	0	9
Kansas	2014	1	1	0	0	0	0	2
	2015	2	1	0	0	0	0	3
	2016	3	0	0	0	0	0	3

State	Year	Outlets at Start of the Year	Outlets Added	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Maryland	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Michigan	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Missouri	2014	4	0	0	0	0	0	4
	2015	4	1	0	0	0	0	5
	2016	5	0	0	0	0	0	5
Nebraska	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Nevada	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
New Hampshire	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Added	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
New York	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
North Carolina	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	1	0	0	0	0	6
Ohio	2014	0	3	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Pennsylvania	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Tennessee	2014	1	0	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Texas	2014	36	4	0	0	0	0	40
	2015	40	5	0	0	0	0	45
	2016	46	8	1	0	0	0	53
Virginia	2014	2	1	0	0	0	0	3
	2015	2	1	0	0	0	0	3
	2016	3	1	0	0	0	0	4
Washington	2014	1	0	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	0	1	0	0	0	1
Totals	2014	93	15	0	0	0	0	108
	2015	108	15	1	0	0	0	122
	2016	123	13	3	0	0	0	133

Table No. 4

Status of Company-Owned Outlets
For Years 2014-2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Texas*	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	1	0	0	1	2
Totals	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	1	0	0	1	2

*These outlets are owned by our affiliates, one of which is operating under a Franchise Agreement.

Table No. 5

Projected Openings as of
December 31, 2016 for 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	3	3	0
Florida	2	2	0
Georgia	2	2	0
Illinois	1	1	0
Indiana	3	2	0
New Jersey	2	2	0
North Carolina	1	1	0
Ohio	2	0	0
Texas	9	6	0
Totals	25	19	0

The names, addresses and telephone numbers of our current Franchisees are attached to this Franchise Disclosure Document as Exhibit D.

The name and last known address and telephone number of every current Franchisee and every Franchisee who has had a Retreat terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Massage Heights franchise agreement during the one year period ending December 31, 2016, or who has not communicated with us within ten weeks of the date of this Franchise Disclosure Document is listed in Exhibit D. During the last three fiscal years, current and former franchisees have signed confidentiality clauses restricting their ability to speak openly about their experiences with Massage Heights. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experiences with Massage Heights. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. If you buy a Massage Heights franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In February 2011, we formed the TEAM Council. Angela Linden, franchisee and owner of Massage Heights Retreats known as Edgewood and Iowa River Landing, located in the Cedar Rapids, IA and Coralville, IA territory, respectively, is the chairperson of the TEAM Council. She can be reached at alinden@massageheights.com.

ITEM 21
FINANCIAL STATEMENTS

Exhibit A contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements for the periods ending December 31, 2016, December 31, 2015 and December 31, 2014.

ITEM 22
CONTRACTS

Attached are the following agreements proposed for use in connection with our offering of franchises:

Exhibit B	Franchise Agreement
Exhibit C	Area Development Agreement
Exhibit F	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the Massage Heights Franchise

ITEM 23
RECEIPT

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

MASSAGE HEIGHTS

FINANCIAL STATEMENTS

Massage Heights Franchising, LLC

Financial Statements
As of December 31, 2015 and 2014

Massage Heights Franchising, LLC

Financial Statements
As of December 31, 2015 and 2014

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BDO

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700 North Pearl, Suite 2000
Dallas, TX 75201

Independent Auditor's Report

To the Members and Managers
Massage Heights Franchising, LLC
San Antonio, Texas

We have audited the accompanying balance sheets of Massage Heights Franchising, LLC as of December 31, 2015 and 2014 and the related statements of operations, changes in members' equity and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Massage Heights Franchising, LLC as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The December 31, 2013 financial statements of Massage Heights Franchising, LLC were audited by other auditors; whose report dated February 28, 2014 expressed an unmodified opinion on those statements.

BDO USA, LLP

Dallas, Texas
April 15, 2016

Financial Statements

Massage Heights Franchising, LLC

Balance Sheets

As of December 31,	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$ 465,280	$ 362,375
Accounts receivable, trade	388,799	462,689
Accounts receivable, national advertising fund	21,677	198,714
Prepaid expenses	106,214	133,480
Total current assets	981,970	1,157,258
Property and equipment - net	169,936	207,864
Intangible assets - net	20,627	25,127
Due from related parties	283,678	264,426
Total assets	$ 1,456,211	$ 1,654,675
Liabilities and Members' Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 507,293	$ 491,749
Deferred revenue, gift cards and gift certificates	639,112	426,522
Deferred franchise fees and regional development fees	82,500	77,500
Total current liabilities	1,228,905	995,771
Total liabilities	1,228,905	995,771
Members' equity	227,306	658,904
Total liabilities and members' equity	$ 1,456,211	$ 1,654,675

See accompanying notes to financial statements.

Massage Heights Franchising, LLC

Statements of Operations

For the years ended December 31,	2015	2014	2013
Revenues			
Franchise fees	$ 899,300	$ 713,100	$ 1,001,700
Area development fees	336,000	-	108,000
Royalties	3,893,824	3,490,688	3,000,302
Other franchise fees	858,069	620,629	879,087
Total revenues	5,987,193	4,824,417	4,989,089
Cost of sales			
Developer commissions and royalties	1,503,645	1,572,732	1,420,494
Other cost of sales	732,221	561,263	565,117
Total cost of sales	2,235,866	2,133,995	1,985,611
Gross profit	3,751,327	2,690,422	3,003,478
Operating expenses			
Payroll and related costs	1,600,367	1,049,411	1,197,608
Professional services	146,455	86,572	169,572
General and administrative	1,101,628	623,104	940,778
Marketing	492,999	333,945	107,204
Depreciation and amortization	94,866	100,568	34,827
Total operating expenses	3,436,315	2,193,600	2,449,989
Operating income	300,087	496,822	553,489
Other income (expenses)			
Other (expense) income	(11,250)	10,333	5,299
Franchise tax expense	(20,851)	(30,036)	(32,054)
Total other expense	(32,101)	(19,703)	(26,755)
Net income	$ 282,911	$ 477,119	$ 526,734

See accompanying notes to financial statements.

Massage Heights Franchising, LLC

Statements of Changes in Members' Equity (Deficit)

		Members' Equity (Deficit)
Balance, December 31, 2012	$	411,613
Distributions		(423,813)
Net income		526,734
Balance, December 31, 2013		514,534
Distributions		(383,637)
Stock compensation expense		50,888
Net income		477,119
Balance, December 31, 2014		658,904
Distributions		(772,667)
Stock compensation expense		58,158
Net income		282,911
Balance, December 31, 2015	$	227,306

See accompanying notes to financial statements.

Massage Heights Franchising, LLC

Statements of Cash Flows

For the years ended December 31,		2015	2014	2013
Operating activities				
Net income	$	282,911 $	477,119 $	526,734
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		94,866	100,568	34,827
Deferred rent expense		-	-	(4,850)
(Gain) loss on disposal of property and equipment		-	(159)	-
Stock compensation expense		58,158	50,888	-
Changes in assets and liabilities:				
Accounts receivable, trade		73,890	(66,614)	(340,104)
Accounts receivable, national advertising fund		177,037	130,712	(329,426)
Deferred commissions		-	13,624	(13,624)
Prepaid expenses		27,266	(82,210)	(27,844)
Due from related parties		(19,252)	118,614	364,662
Accounts payable and accrued expenses		15,544	(155,302)	340,346
Deferred revenue, gift cards and certificates		212,590	85,961	86,029
Deferred franchise and regional development fees		5,000	47,500	(7,500)
Other liabilities		-	(84,000)	(7,000)
Net cash provided by operating activities		928,010	636,701	622,250
Investing activities				
Purchases of furniture, fixtures and equipment		(52,438)	(130,115)	(149,524)
Proceeds from sale of furniture, fixtures and equipment		-	3,314	-
Net cash used in investing activities		(52,438)	(126,801)	(149,524)
Financing activities				
Distributions to members		(772,667)	(383,637)	(423,813)
Net cash used in financing activities		(772,667)	(383,637)	(423,813)
Net increase in cash		102,905	126,263	48,913
Cash - Beginning of year		362,375	236,112	187,199
Cash - End of year	$	465,280 $	362,375 $	236,112
Supplemental cash flow disclosures:				
Cash paid for franchise tax	$	15,851 $	15,036 $	32,054

See accompanying notes to financial statements.

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business, Predecessor and Affiliates

Massage Heights Franchising, LLC, formerly known as Massage Heights Corporate, LLC (the "Company"), was organized as a Texas limited liability company in January 2007 for the purpose of franchising massage clinics and regional development rights, and supporting the operations of the franchised "retreats" at locations throughout the United States. The Company commenced doing business on January 10, 2007 pursuant to an agreement with Massage Heights Franchising, LLC ("MHF") that granted the Company the right to conduct business as the franchisor for franchise agreements previously held by MHF. The parties agreed that the Company would assume rights to future royalties and would assume all ongoing responsibilities related to the agreements assumed. Subsequent to December 31, 2015, the Company changed its name to Massage Heights Franchising, LLC.

The Company has several affiliates. Massage Heights, LP ("MHLP"), Hufstetler, Evans, and Franson, LLC ("HEF"), Massage Heights IP, LLC ("MHIP"), Summit Franchise Supply, LLC ("Summit"), formerly Summit Massage Supply, LLC, AT2, LLC (AT2) and TGP Franchising, LLC (TGP). MHLP and HEF are each operating a Massage Heights retreat. MHIP is a licensor of intellectual property. Summit is a provider of massage equipment and massage lotions and oils to franchisee and corporate owned locations. AT2 is a regional developer for the Company. TGP is a franchisor of men's grooming salons and the Company provides shared resources with TGP. The Company has no other predecessors or affiliates and it has not offered franchises in any line of business, or engaged in any business activities other than operating Massage Heights retreats.

The franchising activities of the Company are regulated by the Federal Trade Commission and the various state authorities.

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company's financial statements 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 instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. The Company has experienced no historical loss as a result of this risk.

Accounts Receivable

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. The Company performs credit evaluations of prospective franchisees and does not require collateral. Upon entering into franchise agreements with franchisees, if the Company grants credit to the franchisee, it records accounts receivable which is then monitored and adjusted

when deemed uncollectible. Management has deemed all accounts receivable fully collectible as of December 31, 2015 and 2014, respectively, and therefore, has not established a reserve for uncollectible accounts.

Prepaid Expenses

Prepaid expenses consist of amounts for services paid in advance. These amounts will be charged to expense as the services are received over the next twelve months.

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).

Intangible Assets

Intangible assets consist principally of franchisee operational manuals. The Company has established an intangible asset for the cost of franchisee operational manuals purchased and developed externally.

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Revenue Recognition

Initial franchise fees are recognized as revenue when the material services and conditions required to be performed by the Company have been substantially completed. Initial franchise fees collected by the Company before the material services and conditions have been substantially performed are recorded as deferred franchise sales revenue.

The Company currently offers multiple unit developer agreements that grant to the purchaser the sole rights to develop and service unit franchises within a specific geographical area. Such rights are for 10-year terms and have renewal options for one additional ten year period if all terms and conditions are met. The Company has sold developer agreements for territories in the United States and Canada as of this report date.

Royalties

Revenue from continuing franchise fees ("royalties") is based on a percentage of franchise sales subject to royalties, which is five-percent (5%) based on the franchise agreement, and is recognized as income by the Company when received and due.

Software Fees

The Company charges a monthly fee for the maintenance and support of proprietary computer systems and software. Under the terms of the various franchise agreements in effect each franchisee pays a monthly fee of $350 to $500 per month. The fees are billed and collected monthly and are recognized by the Company as revenue upon receipt.

Gift Certificates

The Company offers Corporate gift certificates through the Company's website. This revenue is recorded as a liability until the certificate is redeemed at a retreat. The Company settles the liability with the retreat during the Company's biweekly franchise settlement process by paying the retreat the amount of the total redeemed gift certificates. Certificates that are not redeemed within one year of sale are cancelled and the amounts recorded as earned revenue.

The Company's franchisees also offer gift certificates for services for sale. All franchisee gift certificate sales are received by the franchisee and recorded as a liability. The Company collects a royalty on the sale of the gift certificate at the point of sale. If the franchise gift certificate is redeemed by a different retreat than sold the gift certificate the settlement of the liability between franchisee is completed during the Company's biweekly franchise settlement process.

Advertising Fund

The Company maintains an advertising fund to promote general brand recognition of the Massage Heights Franchise system, services and products sold by franchisees. Advertising materials and services are provided to the franchisees through the advertising fund. Under the terms of the various franchise agreements in effect, each franchisee contributes one to three percent of gross revenues of the franchise to the advertising fund.

The Company changed its accounting policy for recording amounts contributed to and expended from the advertising fund effective January 1, 2013. Prior to 2013, the Company recorded the amounts contributed to and expended from the advertising fund as revenues and expenses, respectively. Commencing January 1, 2013, the Company began to account for the receipt of advertising fees as a liability, and the corresponding advertising costs as charges against the liability as they are incurred. Should the Company spend funds in excess of what it collects, the excess shall be recorded as an asset against which future advertising fees will offset. The Company has determined that it is impracticable to determine the cumulative effect of applying this change retrospectively because records of amounts contributed and expended from the advertising fund are no longer available for all prior years. However, the Company has all of the information necessary to apply the change on a prospective basis beginning in 2015.

The amounts contributed to the advertising fund for the years ended December 31, 2015, 2014, and 2013 were $1,774,763, $1,463,292, and $886,068, respectively. The amounts expended by the advertising fund for the years ended December 31, 2015, 2014, and 2013 were $1,479,382, $1,332,580, and $1,215,494, respectively. As of December 31, 2015 and 2014, the amounts expended in excess of the contributions received during the year have been recorded on the balances sheet as Accounts Receivable, National Advertising Fund in the amount of $21,677 and $198,714, respectively. At December 31, 2015, the National Advertising Fund had cash on hand of $363,106.

Fair Value of Financial Instruments

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

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements. The state of Texas levies a "franchise tax" on Texas "domestic" limited liability companies. Franchise tax expense is included in the caption, Franchise Tax Expense in the Statement of Operations and was $20,851, $30,036, and $32,054 for the years ended December 31, 2015, 2014 and 2013, respectively.

Concentrations

The Company maintains cash balances in financial institutions participating in the Federal Deposit Insurance Corporation (FDIC) program whereby cash deposits are insured for up to $250,000. Cash balances in their financial institutions have at times exceeded the FDIC insured amounts. However, the Company has not experienced any related losses in such accounts.

2. Property and Equipment

At December 31, equipment, furniture and fixtures consist of the following:

		2015		2014
Equipment	$	141,059	$	110,665
Furniture and fixtures		79,585		75,731
Leasehold improvements		52,042		52,042
Software		260,205		242,015
		532,891		480,453
Less accumulated depreciation		(362,955)		(272,589)
	$	169,936	$	207,864

Equipment, furniture and fixtures and software are carried at cost and expensed on a straight-line basis with lives ranging from three to seven years. Leaseholds are expenses on a straight-line basis with based on the initial term of the associated lease agreement. Depreciation expense for the years ending December 31, 2015, 2014 and 2013 totaled $90,366, $96,070 and $30,327, respectively.

3. Intangible Assets

At December 31, intangible assets consist of the following:

		2015		2014
Operations manuals	$	45,000	$	45,000
Less accumulated depreciation and amortization		(24,373)		(19,873)
	$	20,627	$	25,127

Operations manuals are carried at cost and expensed on a straight-line basis with a life of ten years. Amortization expense for the years ending December 31, 2015, 2014 and 2013 totaled $4,500, $4,498 and $4,500, respectively. The projected amortization for the next four years is anticipated to be $4,500 per year.

4. Due from Related Parties

At December 31, amounts due from related parties consist of the following:

	2015	2014
Summit Franchise Supply, LLC	$ 105,628	$ 103,377
Massage Heights, LP	86,502	121,149
TGP Franchising, LLC	44,775	-
AT2, LLC	21,146	-
Hufstetler, Evans, and Franson, LLC	14,810	29,627
Well Brand	10,817	10,273
	$ 283,678	$ 264,426

These balances are principally advances from the Company to the affiliates and the Company expects the operations of the affiliates to provide the resources to repay the amounts due in the future.

The Company utilizes the retreat owned by "MHLP" to conduct training for new franchisees and has paid rentals, through a reduction in the amounts owed the Company, of $48,000, $47,996 and $48,000 for the years ending December 31, 2015, 2014 and 2013, respectively. In addition, the Company paid MHLP $42,000 during 2015 as an incentive to construct a retreat with new buildout designs. The Company leased office space to "Summit" on a month to month basis and has recorded rental income in the amounts of $2,069, $8,861 and $7,864 for the years ending December 31, 2015, 2014 and 2013, respectively.

5. Commitments and Contingencies

Office lease

The Company leases its office space pursuant to a lease agreement that expires March 31, 2020. Rent expense for the years ending December 31, 2015, 2014 and 2013 was $166,456, $175,125 and $145,519, respectively.

The following is a schedule of the minimum rental commitment to be paid under the above agreement:

Years ending December 31:		
2016	$	160,142
2017		162,209
2018		167,208
2019		173,672
2020		43,822
Thereafter		-
	$	707,053

Litigation

The Company may be party 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.

6. Management Agreement

During 2014, the Company entered into a management agreement with the Company's Chairman. The agreement provides for the issuance of membership units in the Company up to 3% of the outstanding membership units over the term of the agreement. As of December 31, 2015 and 2014, 1.875% and 0.875% interest, respectively, was earned under the agreement. The Company recorded compensation expense totaling $58,158 and $50,888 during the years ended December 31, 2015 and 2014, respectively, related to the agreement.

7. Subsequent Events

Management has evaluated subsequent events through April 15, 2016, the date on which the financial statements were available to be issued.

EXHIBIT B

MASSAGE HEIGHTS

FRANCHISE AGREEMENT

EXHIBIT B

MASSAGE HEIGHTS FRANCHISING, LLC

FRANCHISE AGREEMENT

Franchise #:	***
Franchisee:	***
Date:	***
Territory:	***

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ATTACHMENTS:

A. Franchisee Data Sheet
B. Owners Agreement
C. Statement of Ownership
D. Pilot Retreat Addendum

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is effective as of the date identified in **Attachment A** to this Agreement ("Effective Date"), by and between **MASSAGE HEIGHTS FRANCHISING, LLC**, a Texas limited liability company, located at 13750 US Hwy 281 North, Suite 230, San Antonio, Texas 78232 ("Franchisor") and the franchisee identified in **Attachment A** to this Agreement ("Franchisee").

RECITALS

WHEREAS, Massage Heights Franchising, LLC is offering franchises for the use of the trademark MASSAGE HEIGHTS and MASSAGE HEIGHTS body+face and related trademarks, design marks, trade dress and service marks for the operation of a business offering professional therapeutic massage and facial services to the general public through membership-based programs, and the sale of related products and services ("Massage Heights Business").

WHEREAS, the Massage Heights Businesses are operated under a business format per a unique system with high standards of service, including valuable know-how, information, trade secrets, confidential information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of internet usage, and research and development ("System").

WHEREAS, the distinguishing characteristics of the System include the trademark "MASSAGE HEIGHTS" "MASSAGE HEIGHTS body+face" and other trademarks, trade names, design marks, trade dress, confidential operating procedures, confidential Brand Standards Manual, standards and specifications for equipment, services and products, methods of service, management and marketing programs and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved, modified and further developed by Franchisor from time to time. They are Franchisor's confidential information and trade secrets and are designated by and identified with the marks described in this Agreement.

WHEREAS, Franchisor continues to use, develop and control the use of the marks in order to identify for the public the source of services and products marketed under the System, and which represent the System's high standards of quality, service and customer satisfaction.

WHEREAS, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the marks and the continued uniformity of image to Franchisee, Franchisor, and other Franchisees of Franchisor.

WHEREAS, Franchisee acknowledges the importance to the System of Franchisor's high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating a Massage Heights Business in conformity with the System.

WHEREAS, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor's reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

WHEREAS, Franchisee is aware of the foregoing and is desirous of obtaining the right to use the System and in association therewith, the right to use the marks, and wishes to be assisted, trained, and franchised to operate a Massage Heights Business pursuant to the provisions and within the territory specified in this Agreement, subject to the terms and conditions contained in this Agreement.

The parties therefore agree as follows:

DEFINITIONS

For the purposes of this Agreement, the following are hereby defined:

(a) "Agreement" - means this agreement, attachments, and all instruments in amendment hereof.

(b) "Affiliate" - means any person or entity that controls, is controlled by, or is in common control with, Franchisor or Franchisee.

(c) "Brand Standards Manual" - means, but is not limited to, collectively, all directives, books, pamphlets, bulletins, memoranda, order forms, packing slips, invoices, letters, email, Internet or intranet data, or other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of Franchisor for use by franchisees generally or for Franchisee in particular, setting forth information, advice and standards, requirements, marketing information and procedures, operating procedures, instructions or policies relating to the operation of the Massage Heights Business or the operation of franchises, as same may be added to, deleted or otherwise amended by Franchisor from time to time. The form and content of the Brand Standards Manual maintained by Franchisor shall prevail in the event of any dispute regarding the form of or content of the Brand Standards Manual between Franchisor and Franchisee.

(d) "Confidential Information" - means the Brand Standards Manual, all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the System and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, Franchisee's Massage Heights Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, email addresses, customer purchase records, customer information, customer lists, manuals, promotional and marketing materials, marketing strategies and any other data which Franchisor designates as confidential.

(e) "Franchise" - shall mean the business operations conducted or to be conducted using Franchisor's System and in association therewith the Marks.

(f) "Franchisor's System" or "System" - means the standards, systems, concepts, identifications, methods, and procedures developed or used by Franchisor, or which may hereafter be developed or used by Franchisor, for the sales and marketing of Franchisor's Services and Products, as may be modified from time to time by Franchisor.

(g) "Gross Revenues" - means the total selling price of all Services and Products sold at or from or through Franchisee's Massage Heights Business, whether or not sold or performed at the Massage Heights Business, including the full redemption value of any gift certificate or coupon sold for use at the Massage Heights Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation) and all income of every other kind and nature related to the Massage Heights Business operation, whether for cash or credit and regardless of collection in the case of credit. Gross Revenues do not include:

(i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority;

(ii) all customer refunds and credits made by the Massage Heights Business (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts); and

(iii) all tips received by massage therapist and estheticians.

Gross Revenues shall be deemed received by Franchisee at the time the Services or Products from which they were derived are delivered or rendered or at the time the collection takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by Franchisee. Gross Revenues consisting of Services or Products shall be valued at the retail prices applicable and in effect at the time that they are received. If Services or Products have been discounted, Gross Revenues includes the full retail price of Services and/or Products provided, unless discounts are approved by Franchisor.

(h) "Lease" - means any agreement (whether oral or written), including without limitation any offer to lease, license or lease agreement, under which the right to occupy a Retreat has been obtained and any amendment made thereto from time to time. Franchisee acknowledges and agrees that before any Lease will be accepted by Franchisor, the Lease must incorporate the "Required Terms" (as defined in Section 8).

(i) "Marks" - shall mean the trademarks "MASSAGE HEIGHTS" "MASSAGE HEIGHTS body+face" and "MASSAGE HEIGHTS AND DESIGN" to the extent of Franchisor's rights to same, together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by Franchisor from time to time as part of the System for use by Franchisees, and not thereafter withdrawn.

(j) "Massage Heights Business" - means the business operations conducted or to be conducted by Franchisee consisting of providing professional therapeutic massage and facial services to the general public through membership-based programs, and the sale of related products using Franchisor's System and in association with the Marks.

(k) "Products" - means all supplies, material, equipment, and ancillary items sold, leased, prepared or otherwise dealt with in connection with the Massage Heights Business or associated with the Marks.

(l) "Pilot Retreat Addendum" – means the addendum attached to this Agreement as Attachment D. If Franchisee is executing an area representative agreement contemporaneously with this Agreement pursuant to which Franchisee must purchase one Massage Heights Business to operate as a "Pilot Retreat," Franchisee shall also execute the Pilot Retreat Addendum.

(m) "Retreat" - means the retail store front, commercial facility, or other approved location from which Franchisee sells Products and provides Services in connection with the Massage Heights Business.

(n) "Site Selection Assistance" - means all services provided by Franchisor relating to the selection and authorization of Franchisee's Retreat. Franchisor's Site Selection Assistance is more fully

defined in the Brand Standards Manual, and Franchisor has the right to modify the site selection services offered by Franchisor periodically in Franchisor's discretion.

(o) "Services" - means the sale and provision of professional therapeutic massage services and facial services to the general public and through membership-based programs, and related activities conducted or otherwise dealt with in connection with the Massage Heights Business and associated with the Marks.

(p) "Trade Secret(s)"- shall mean information, including a formula, pattern, compilation, program, device, method, training technique or process related to the System that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

1. COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement.

1.1 Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement, and all related agreements with Franchisor. Franchisee acknowledges that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the Massage Heights Business, Franchisor and this Agreement.

1.2 Franchisee has, or has made, firm arrangements to acquire funds to commence, open and operate the Massage Heights Business and it is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

1.3 All statements made by Franchisee in writing in connection with its application for this franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement.

1.4 There are no material financial obligations of Franchisee, whether actual or contingent, that are outstanding as of the date of this Agreement other than those disclosed to Franchisor by Franchisee in writing.

1.5 Franchisee is not a party to or subject to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

1.6 Franchisee is not a party to any litigation or legal proceedings other than those which have been disclosed to Franchisor by Franchisee in writing.

1.7 Franchisee represents that it is not a party to or subject to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Term (as defined in Section 3.1, below) or any Successor Terms (as defined in Section 3.1, below).

1.8 Franchisee agrees and acknowledges that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises or inducements, whatsoever, whether oral or written, and whether directly related to

the contents hereof or collateral thereto, made by Franchisor, its officers, directors, agents, employees or contractors except as provided herein. Franchisee acknowledges that the Franchise has been granted in reliance upon the information supplied to Franchisor in Franchisee's application for a Franchise.

1.9 Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf).
Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(a) Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(b) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 1.9.

(c) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's affiliates.

(d) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

2. GRANT OF LICENSE

2.1 Subject to all the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, for the term of this Agreement, the right and license ("License") to:

(a) Operate one Massage Heights Business upon the terms and conditions of this Agreement in the territory described in Attachment A ("Territory");

(b) Use the Marks and the System; and

(c) Offer and market only Franchisor's approved Services and Products, unless Franchisor approves in writing (such approval to be in Franchisor's sole and absolute discretion) Franchisee's request to offer and market complementary and non-competing services or products.

2.2 The License does not include the right to sell Products to any vendor who would in turn sell to consumers.

2.3 Franchisee recognizes that variations and additions to the System may be required from time to time in order to preserve and/or enhance the System. Therefore, Franchisor expressly reserves the right to add to, subtract from, revise, modify or change from time to time the System or any part thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply pursuant to Section 8.

2.4 Franchisee recognizes that the rights that are granted to Franchisee are for the specific Territory, defined in Section 4.1 below and no other, and cannot be transferred to an alternate Territory, without the prior written approval of Franchisor, which approval may be granted or withheld in Franchisor's sole discretion.

2.5 In exchange for our grant of a License to Franchisee, each person holding an ownership interest in Franchisee (including both principal owners and minority owners) and his or her spouse must sign an owner's agreement ("Owner's Agreement") in the form attached as Attachment B to this Agreement, and must deliver the signed Owner's Agreement to Franchisor concurrently with Franchisee's signing of this Agreement, or if the ownership interest is acquired after the Effective Date, within ten days after Franchisor's approval of the ownership interest change.

3. TERM OF THE AGREEMENT AND LICENSE

3.1 This Agreement and the License granted shall become effective on the Effective Date, expiring 10 years from the earlier of (i) the commencement date of the Lease, or (ii) 270 days from the Effective Date of this Agreement ("Term"), subject, however, to termination in accordance with the provisions of this Agreement. When the initial Term expires, Franchisee shall have the option at Franchisor's sole and absolute discretion to extend Franchisee's rights to operate the Massage Heights Business for one additional term ("Successor Term") of 10 years. Franchisee must pay the Successor Franchise Fee set (as defined in Section 3.4(b)) and otherwise comply with the requirements set forth in this Section 3.

3.2 Franchisor may, but is not limited to, refuse to renew this Agreement and License if:

(a) Franchisee has failed to remedy any breach of this Agreement specified by Franchisor in a written notice to Franchisee as per Sections 17.2 or 17.3; or

(b) Franchisee has committed and received notice of three or more breaches of this Agreement during the Term, even if such breaches were timely remedied; or

(c) Franchisee has failed to give Franchisor a written notice of intent to renew no less than six months or more than nine months prior to expiration of the Term; or

(d) Franchisee is not current in payment obligations to Franchisor or to Franchisee's Lessor, suppliers, or trade creditors.

3.3 If Franchisee opts to extend its rights to operate the Massage Heights Business at the end of the Term, and Franchisor consents to such extension, Franchisee shall execute a new franchise agreement ("Successor Franchise Agreement") and all other agreements in the form then being used by Franchisor in granting new franchises, which may have materially different terms and conditions from this Agreement. Franchisor reserves the right to change any term(s) of the Franchise Agreement form to be signed by Franchisee at the time Franchisee extends its rights to operate the Massage Heights Business (except as specified below). There shall not, however, be another initial franchise fee charged at the time Franchisee signs a Successor Franchise Agreement. IN FRANCHISOR'S SOLE DISCRETION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND ITS RIGHTS TO OPERATE THE FRANCHISE (AND ITS OPTION SHALL THEREUPON TERMINATE) IF IT FAILS TO EXECUTE AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN 30 DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS ARTICLE 3.

3.4 As additional conditions to renewal, in Franchisor's sole discretion, Franchisee may be required to:

(a) Execute a general release of all claims Franchisee may have against Franchisor, its officers, directors, members, shareholders, agents, Affiliates, and employees, whether in their corporate and/or individual capacities. This release shall include all claims arising under any federal, state, or local law, rule, or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor. Franchisee's failure or refusal to sign such a release in the form presented by Franchisor shall be deemed to be a rejection by Franchisee of its option to extend its rights to operate the Massage Heights Business;

(b) Pay the successor franchise fee ("Successor Franchise Fee") of 25% of the then-current initial franchise fee, which is due and payable to Franchisor at the time of signing the successor Franchise Agreement;

(c) Upgrade the Retreat, computer system and vehicle (if any) used in operation of the Massage Heights Business to Franchisor's then current standards;

(d) Relocate the Retreat if a premium location is available in Franchisee's Territory, as determined by Franchisor;

(e) Comply with all other provisions contained in the Brand Standards Manual, as modified periodically by Franchisor in Franchisor's sole discretion;

(e) Provide proof of then current licenses, insurance and permits.

3.5 If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as

if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

4. TERRITORY

4.1 During the Term and for so long as Franchisee is in compliance with all of its obligations hereunder, except as otherwise provided in this Agreement, and subject to Franchisor's reservation of rights as set forth in Section 4.2 below, neither Franchisor nor any Affiliate will establish or license another person or entity to establish a Massage Heights Business using the Marks licensed to Franchisee within the Territory encompassed by the boundaries set forth in Attachment A, attached hereto and incorporated herein by reference. Except as otherwise specifically provided in this Agreement, this Agreement does not restrict Franchisor or its Affiliates and does not grant rights to Franchisee to pursue any of Franchisor's or its Affiliates other business concepts other than the Massage Heights Business.

4.2 Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others (and Franchisor is not obligated to pay Franchisee if Franchisor exercises any of the rights specified in this Section within Franchisee's Territory):

(a) to use, and to license others to use, the Marks and System for the operation of Massage Heights Businesses at any location other than in the Territory, regardless of proximity to the Territory;

(b) to use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location including the Territory, in association with operations that are similar to or different than the Massage Heights Business;

(c) to use the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution such as those described in Subsection 4.2(d), at any location including the Territory;

(d) to offer the Services or Products and accept orders, or grant others the right to offer the Services or Products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, wholesalers, retail outlets or other distribution outlets (other than Massage Heights Businesses), or by Internet commerce (e-commerce), mail order or otherwise, whether inside or outside the Territory;

(e) to operate or use any websites utilizing a domain name incorporating one or more of the words "Massage Heights" and/or "Massage" or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. Franchisee may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written approval. Franchisee agrees to use only vendors approved by Franchisor for all digital online marketing (SEO, PPC, reputation management, social media, scheduling/booking services, native phone apps, etc.), approved local marketing management and approved reporting systems. Franchisor intends that any Franchisee website developed exclusively or primarily for purposes of promoting the Massage Heights Business be accessed only through Franchisor's home page. Franchisee shall provide Franchisor with content for Franchisor's Internet marketing, and shall sign Internet and intranet usage agreements, if any. Franchisor retains the right to

approve any linking or other use of its website or require the removal of any website utilizing the Marks upon notice to Franchisee;

(f) to acquire businesses that are the same as or similar to the Massage Heights Business and operate such businesses regardless of where such businesses are located, including inside the Territory and to be acquired by any third party which operates businesses that are the same as or similar to the Massage Heights Business regardless of where such businesses are located, including inside the Territory;

(g) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs;

(h) to determine if Franchisee's Territory can support an additional Massage Heights Business. If Franchisor determines that the Territory could support an additional Massage Heights Businesses based on changes in circumstances (which include, but are not limited to, changes in the population, demographics, psychographics, drive times, or other market or economic conditions in the geographic area that includes all or part of the Territory), then Franchisor will offer Franchisee a 30-day right of first refusal to purchase the additional Massage Heights Businesses. If Franchisee does not exercise this right, Franchisor may sell another Massage Heights Business in Franchisee's Territory (or Franchisor or its affiliates may open a Massage Heights Business) and redefine Franchisee's Territory so that each Massage Heights Business will have a territory independent of the other. The right of first refusal will terminate with respect to that Massage Heights Businesses if any one of the following conditions applies: (1) Franchisee is not then in compliance with any material term of the Franchise Agreement and cannot cure the noncompliance within 30 days of written notice; (2) Franchisor determines, in its sole discretion, that Franchisee does not meet Franchisor's then current standards for new franchisees of Massage Heights Businesses; (3) Franchisor determines, in its sole discretion, that Franchisee lacks the financial resources to develop and operate an additional Massage Heights Businesses; (4) Franchisee fails to sign a franchise agreement (containing Franchisor's then-current terms and conditions) for the additional Massage Heights Businesses within 30 days of the date Franchisor delivers a franchise agreement to Franchisee for signature; or (5) Franchisee notifies Franchisor that Franchisee does not wish to develop and operate an additional Massage Heights Businesses within Franchisee's Territory. If Franchisee does not exercise this right, or Franchisor determines in its sole discretion that Franchisee does not meet Franchisor's then current standards for new franchisees of a Massage Heights Business, Franchisor may sell another Massage Heights Business in Franchisee's Territory (or Franchisor or its affiliates may open a Massage Heights Business) and redefine Franchisee's Territory so that each Massage Heights Business will have a territory independent of the other. Franchisee must abide by the right of first refusal timelines provided by Franchisor;

(i) To open or sell a Massage Heights Business inside the Territory if, within 12 months of the end of the Term or Successor Term, a "Class A" location for a Massage Heights Business becomes available and Franchisee elects not to obtain the "Class A" location for Massage Heights Business; and

(j) to terminate the Franchise Agreement if Franchisee should relocate the Massage Heights Business without written approval from Franchisor.

5. FEES

5.1 Franchisee shall pay the sum set forth on Attachment A plus, if due and payable, all applicable federal, state or municipal taxes, as a non-recurring initial franchise fee ("Initial Franchise Fee") to Franchisor upon the execution of this Agreement. The Initial Franchise Fee shall be paid by means of cashier's check, money order or wire transfer. The Initial Franchise Fee is in consideration of the pre-opening assistance Franchisor provides, Franchisor's lost or deferred opportunity to enter into this Franchise Agreement with others, and offsets some of Franchisor's expenses for franchisee recruitment. The Initial Franchise Fee shall be deemed to have been fully earned by Franchisor and non-refundable when paid.

5.2 Franchisee must purchase operations software from Franchisor or Franchisor's approved supplier. Franchisor may collect money from the Franchisee and pay the suppliers directly. Franchisee must pay Franchisor a fee of $2,000 for the software, which includes installation and three months of maintenance fees, payable upon the signing of this Agreement. After the initial three months of the Term, Franchisor charges Franchisee an ongoing monthly software fee of $500 (subject to annual increase on the anniversary of the execution of this Agreement) for the monthly maintenance and support of the proprietary computer system and software. Franchisee is required to execute the Use and License Agreement attached to the Franchise Disclosure Document as Exhibit H.

5.3 Franchisee shall pay to Franchisor, or its affiliate, a fee for a development package of startup items ("Retreat Development Package") plus, if applicable, an amount determined by Franchisor, in Franchisor's sole discretion, required to cover all sales and/or use taxes imposed by state and local taxing authorities on the equipment and other items supplied by Franchisor to Franchisee as part of Franchisee's Retreat Development Package. Franchisee shall be responsible for additional development expenses related to the size of Franchisee's Retreat premises, if any. The fee for the Retreat Development Package is due upon signing of Franchisee's lease for the Retreat premises. The fee for the Retreat Development Package is fully earned by Franchisor and is non-refundable under any circumstances. The cost of Retreat Development Package will vary depending on the size of Franchisee's Retreat.

5.4 Franchisee must open its first Massage Heights Business within 270 days from the effective date of this Franchise Agreement. If Franchisee does not open its Massage Heights Businesses according to this schedule, Franchisee will pay a fixed royalty fee in the amount of $250 per week ("Fixed Royalty Fee") until the Massage Heights Business opens or this Franchise Agreement is terminated according to Franchisor's rights set forth in Section 17. Once Franchisee opens its first Massage Heights Business, Franchisee shall pay to Franchisor a royalty fee ("Royalty") bi-weekly (once every two weeks) equal to 6% of Gross Revenue for the previous two weeks or partial weeks. The Royalty and Fixed Royalty Fee are ongoing payments that allow Franchisee to use the Marks and the other intellectual property of the System and pays for ongoing support and assistance from Franchisor.

5.5 The Royalty shall be payable to Franchisor on or before a specified day once every two weeks for the preceding two calendar weeks and shall be payable through the entire Term of this Agreement. Franchisee shall pay the Royalty week via electronic funds transfer ("EFT"), debit or as otherwise instructed by Franchisor or in such other frequency as Franchisor may in its sole discretion require upon written notice to Franchisee by Franchisor. Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty or any other fee or charge due Franchisor or any Affiliate of Franchisor under this Agreement.

(a) Franchisor currently accesses reports regarding Gross Revenues through the software program for the Retreat. In the event that the software is not functioning or this feature is not available, Franchisee shall prepare monthly reports regarding Gross Revenues.

(b) Franchisor reserves the right to require Franchisee to remit fees and other amounts due to Franchisor hereunder via EFT or other similar means utilizing a Franchisor approved computer system or otherwise. The EFT Authorization is attached to the Disclosure Document as Exhibit J. If Franchisor notifies Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment therefore. If Franchisee has not timely reported the Gross Revenues to Franchisor for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Gross Revenues was provided to Franchisor as required hereunder, including Software and Brand Fund Contributions (defined in Section 11.3); or (b) the amount due based on information retrieved from Franchisor approved computer system.

5.6 Prior to executing a lease, Franchisee must pay Franchisor a $1,000 fee for a demographic/psychographic analysis site analysis of the sites Franchisee submitted for Franchisee's Retreat ("Site Analysis Fee"). This fee is due when Franchisee submits a Retreat site for approval and is non-refundable. If Franchisee requests that Franchisor send a representative to Franchisee's city to assist Franchisee in the site selection process for Franchisee's Retreat, and if Franchisor elects to assist Franchisee, Franchisor reserves the right to charge a site evaluation assistance ("Site Evaluation Assistance") fee ranging from $0 to $5,000 ("Site Evaluation Assistance Fee") in accordance with the fee schedule set forth in the confidential Brand Standards Manual. The fee will vary depending on the number of days our representative is required to assist Franchisee. The Site Evaluation Assistance will include an examination of the physical layout, proximity to relevant operations, like competitive businesses, airports, and hotels. It will also include a review of the population density, census data, demographic, and income characteristics of the area, the proximity of the proposed location to other Massage Heights Businesses, and other factors. Franchisor may require Franchisee to use its approved supplier for the Site Evaluation Assistance, in which case Franchisee will pay the supplier directly for this service.

6. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES

6.1 Franchisee shall keep such complete records of its Massage Heights Business as a prudent and careful businessperson would normally keep. Franchisee must use the accounting system and the pre-formatted template required by Franchisor, if any. Franchisee shall keep its financial books and records as Franchisor may from time to time direct in the Brand Standards Manual or otherwise, including retention of all invoices, order forms, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals, and general ledgers. Franchisee shall advise Franchisor of the location of all original documents and shall not destroy any records without the written consent of Franchisor.

6.2 Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Massage Heights Business conducted under this Agreement. Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the Massage Heights Business including uniform reports as may be required by Franchisor. Franchisee's records shall include tax returns, daily reports, statements of Gross Revenues (to be prepared

each month for the preceding month), monthly financial statements including a profit and loss statement, balance sheet, and trial balance. Franchisee shall keep and preserve full and complete records of Gross Revenues for at least three years. The profits and loss statement, balance sheet, and trial balance must be submitted to Franchisor within 15 days of the end of each reporting month.

6.3 Franchisee shall also submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research and performance data on any operational or other aspect of the Massage Heights Business. Franchisee shall submit Local Advertising Requirement statements to Franchisor once each quarter. Within 10 business days of the filing with the Internal Revenue Service, Franchisee shall provide Franchisor with a copy of its federal tax return for the Massage Heights Business for the previous tax year.

6.4 The records required under this Section 6 pertain only to Franchisee's operation of the Massage Heights Business. Franchisor has no right to inspect, audit or copy the records of any unrelated business activity Franchisee may have. Franchisee shall keep the books and records of the Massage Heights Business separate from the records of any unrelated business activity or personal activity.

6.5 From the date Franchisee and Franchisor sign this Agreement until five years after the end of the Term of this Agreement, including any Successor Terms, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. Franchisor agrees to do inspections and audits at reasonable times. Franchisee agrees to keep all records and reports for seven years from the date such records are created. Should any inspection or audit disclose a deficiency in the payment of any Royalty, Brand Fund Contribution (as defined in Section 11.3) or other amounts required to be paid under this Agreement, Franchisee shall immediately pay the deficiency to Franchisor, without prejudice to any other remedy of Franchisor under this Agreement. If Franchisee fails to provide any required reports or the deficiency for any audit period discloses a deficiency in the amount of any Royalty, Brand Fund Contribution or other amounts due by 2% or more, Franchisee shall, in addition to paying the deficient amount to Franchisor pursuant to the preceding sentence, immediately pay to Franchisor the entire cost of the inspection or audit including travel, lodging, meals, salaries and other reasonable expenses incurred by the inspecting or auditing personnel and any legal expenses. For the purposes of this Section 6.5, an audit period shall be each fiscal year. If an audit discloses an overpayment of any Royalty, Brand Fund Contribution, or other amounts due, Franchisor shall credit the amount of the overpayment to Franchisee's payments of Royalty and Brand Fund Contribution next falling due.

6.6 If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Revenues, Franchisor shall have the right to either require Franchisee to pay the $500 per two week period or deliver to Franchisee an estimate, made by Franchisor, of Gross Revenues for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the Royalty, Brand Fund Contribution and other sums due on account of any understatement. Any such estimate shall be final and binding upon Franchisee.

6.7 To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments Franchisee shall also pay, upon demand, a late payment fee of $100 per occurrence plus a late interest charge equal to (i) 18% per annum; or (ii) the highest legal rate permitted by applicable law, whichever is lower, on all payments due to Franchisor during the period of time said payments are due and unpaid. Each failure to pay Royalty, Brand Fund Contributions, and other amounts payable to Franchisor when due shall constitute a material breach of this Agreement. Franchisee acknowledges that this Section 6.6 shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Massage Heights Business. Further, Franchisee acknowledges that failure to pay all such

amounts when due shall, notwithstanding the provisions of this Section 6.7, constitute grounds for termination of this Agreement, as provided in this Agreement.

6.8 Any report of Franchisor's auditor rendered from time to time pursuant to this Section 6 shall be final and binding upon all of the parties hereto.

6.9 Franchisee hereby authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the Massage Heights Business and hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Massage Heights Business as Franchisor may request.

6.10 Franchisee acknowledges and agrees that Franchisor owns all business records ("Business Records") with respect to customers and service professionals of, and/or related to, the Massage Heights Business including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, email addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines in franchisor' sole discretion, to be in the best interest of the System.

6.11 To encourage prompt delivery of all Business Records, Certificates of Insurance, Gross Revenue statements and any other documentation or record that may be requested by Franchisor under this Agreement, Franchisee shall pay, upon demand, a late report fee in the amount of $100 per week and $100 per incidence of dishonored debt on records and documentation requested if Franchisee fails to deliver such record or document when due.

6.12 If Franchisee pays the Royalty or any other sums due to Franchisor under this Agreement with a check returned for non-sufficient funds or an EFT withdrawal is rejected due to insufficient funds, in addition to all other remedies which may be available, Franchisor may charge Franchisee an insufficient funds fee of $100 per incident. Additionally, Franchisor shall have the right to require that Royalty payments and any other sums due to Franchisor under this Agreement be made by certified or cashier's checks. For any payment Franchisee makes to Franchisor by credit card, Franchisor reserves the right to charge up to 4% of the total payment as a service charge. If Franchisee fails to pay the Royalty or any other sums due to Franchisor under this Agreement by the due date two times during the Term or any Successor Terms, in addition to all other remedies which may be available, Franchisor reserves the right to require, in its sole discretion, that Franchisee pay the Royalty or any other sums due to Franchisor under this Agreement weekly.

6.13 Franchisee agrees that, during the Term and for three years after the expiration and termination of this Agreement, Franchisee shall supply to Franchisor Franchisee's home address and home telephone number for purposes of disclosing it as required by law in the Franchise Disclosure Document.

7. SERVICES AND ASSISTANCE

7.1 The Initial Franchise Fee and Royalty are paid for the License, which includes the use of the Marks, the System and the use of Franchisor's Trade Secrets and Confidential Information provided pursuant to this Agreement and for certain services, including training, rendered by Franchisor.

7.2 Franchisor shall offer Franchisee initial and continuing services as Franchisor deems necessary or advisable in furthering Franchisee's Massage Heights Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Failure by Franchisor to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

7.3 Currently, initial services provided by Franchisor prior to Franchisee opening the Massage Heights Business shall include:

(a) Designating Franchisee's Territory as stipulated in Section 4 and on Attachment A.

(b) Furnishing Franchisee with specifications for all initial and replacement furniture, fixtures, equipment, inventory and supplies required for the operation of Franchisee's Massage Heights Business as stipulated in Section 9.

(c) Providing Franchisee with written site selection guidelines and criteria and provide Site Selection Assistance to determine an acceptable location for Franchisee's Retreat, as Franchisor has outlined in the Brand Standards Manual.

(d) Authorizing in writing Franchisee's proposed Retreat site in accordance with Section 7.4; and authorizing in writing Franchisee's proposed Retreat Lease.

(e) Providing an initial training program without extra charge for up to three key personnel one of which must be Franchisee (or Franchisee's managing owner if Franchisee is an entity) and one of which must be Franchisee's Designated Retreat Director, if Franchisee has one, to be completed at least 30 days prior to the opening of its Massage Heights Massage Heights Business to the public ("Initial Training Program"). The Initial Training Program is usually conducted at our corporate headquarters located in San Antonio, Texas, but may be held at Franchisee's location or elsewhere or through an online platform in the future in our discretion. The Initial Training Program may include a discussion of the System, procedures, methods of training and operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, instructions on quality standards and practical experience in the operation of a Massage Heights Business. If Franchisee desires to bring additional persons to the Initial Training Program, Franchisee must pay Franchisor its then-current fee. If Franchisor determines the need for additional training, or Franchisee desires additional training or assistance, Franchisee will pay Franchisor $500 per day, plus all travel, meal and lodging expenses incurred.

(f) Providing opening assistance and opening training ("On-Site Assistance Program") which may consist of up to five business days, four of which will occur prior to the opening Franchisee's Retreat, and one of which will occur on opening day. If Franchisee desires additional representatives or time for opening assistance, Franchisor may charge Franchisee $500 per additional representative per day plus travel expenses. The On-Site Assistance Program is conducted at Franchisee's Retreat. The content and duration of the On-Site Assistance Program is subject to change upon notice to Franchisee.

(g) Providing Franchisee during the Term (including any Successor Terms) access to our Franchisor's confidential Brand Standards Manual containing mandatory and recommended specifications, standards, operating procedures and rules prescribed from time to time by Franchisor as further stipulated in this Section 7, and containing information relative to other obligations of Franchisee hereunder. Certain specifications, standards and operating procedures

prescribed from time to time by Franchisor in the Brand Standards Manual or otherwise communicated to Franchisee in writing (including electronic communications such as email or through a system wide intranet) shall constitute provisions of this Agreement as if fully set forth herein. Franchisee shall operate the Massage Heights Business strictly in accordance with the Brand Standards Manual. Failure to comply with the standards set forth in the Brand Standards Manual shall constitute a material breach of this Agreement. Franchisor reserves the right to provide the Brand Standards Manual and updates to the Brand Standards Manual in electronic form or other form determined by Franchisor. Franchisor shall have the right to add to, delete, and otherwise modify, the Brand Standards Manual from time to time to reflect changes in authorized Products and Services, business image or the operation of the Massage Heights Business; provided, however, no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Some of the revisions to the Brand Standards Manual may include changes with respect to: (i) sales and marketing strategies; (ii) equipment and supplies; (iii) accounting and reporting systems and forms; (iv) insurance requirements; (v) operating procedures; (vi) Services; (vii) Products; and (viii) Site Selection Assistance.

(i) Franchisee covenants to accept, implement and adopt any such modifications at its own cost, except as provided in Section 8.5 of this Agreement.

(ii) Franchisee hereby acknowledges that the Brand Standards Manual is accessible to Franchisee during the Term of this Agreement. The Brand Standards Manual shall at all times remain the sole and exclusive property of Franchisor. Upon termination of this Agreement for any reason whatsoever, Franchisee shall immediately cease use of the Brand Standards Manual and return the Brand Standards Manual together with all copies of any portion of the Brand Standards Manual which Franchisee may have made, to Franchisor.

(iii) Franchise further acknowledges that its compliance with the Brand Standards Manual is vitally important to the Franchisor and other Massage Heights Businesses and is necessary to protect our reputation and the goodwill of the Trademarks and to maintain the uniform quality of operation through the system. However, while the Brand Standards Manual is designed to protect our reputation and the goodwill of the Trademarks, it is not designed to control the day-to-day operation of the Massage Heights Business.

(h) Providing Franchisee with mandatory and suggested specifications and layout for Franchisee's Massage Heights Business, including requirements for dimensions, design, image, interior, layout, décor, and operating assets. Franchisee must submit final construction plans and specifications to Franchisor for our approval before Franchisee begin construction at the premises, and must construct the Massage Heights Business in accordance with those approved plans and specifications;

(i) Identifying the operating assets, approved products, and other items that Franchisee will use to develop and operate the Massage Heights Business;

(j) Providing Franchisee with assistance or management on Franchisee's grand opening marketing programs; and

(k) Assisting in the establishment of an advertising cooperative in accordance with Section 11, if any.

7.4 Franchisee is solely responsible for locating a site from which to operate the Retreat and negotiating a Lease for the property (if required). However, Franchisee may not negotiate a Lease without the written consent of the Franchisor. Franchisee acknowledges that Franchisee, each owner of the Franchisee entity and his or her spouse may be required to sign a personal guaranty, guaranteeing the Franchisee's obligations under the Lease. As part of the Site Selection Assistance, Franchisor will provide assistance to Franchisee in analyzing a location. Prior to opening the Retreat, Franchisee must pay Franchisor the Site Analysis Fee described in Section 5.6. Franchisor will perform a demographic/psychographic analysis of the site(s) Franchisee submit for acceptance and will provide Franchisee with the results of the analysis for the site Franchisee selects. If Franchisee requests that Franchisor send a representative into Franchisee's city to assist Franchisee in the site selection process for the Retreat, and if Franchisor, in its sole discretion, elects to assist Franchisee in its site selection process, Franchisor reserves the right to charge a Site Evaluation Assistance Fee as set forth in Section 5.6. In evaluating a proposed site, Franchisor considers such factors as general location and neighborhood, traffic patterns, parking, size, layout, and other physical characteristics, or any other criteria as set forth in Subsection 8.2(b). The Retreat site is subject to Franchisor's written authorization, which may be granted or denied in Franchisor's sole discretion. Franchisee agrees that the location of the Retreat is a factor in the potential success of the Massage Heights Business and Franchisor may reject any location in its sole discretion. However, Franchisee agrees that Franchisor's assistance in no way constitutes a representation or warranty with respect to the success or viability of the property or the Lease. Franchisee acknowledges that Franchisor's authorization of the Territory and the specific site for the Retreat indicates only that Franchisor believes that the site falls within acceptable criteria established by Franchisor as of the approval date. Franchisee may not relocate the Retreat without Franchisor's prior written consent. If Franchisor permits Franchisee to relocate the Retreat, Franchisee must comply with Franchisor's relocation procedures as set forth in the Brand Standards Manual, and must reimburse Franchisor for its reasonable expenses up to $5,000 related to Franchisee's relocation. Franchisor will provide Franchisee with copies of invoices for Franchisor's expenses from any third party providers upon request.

7.5 Currently, the services provided by Franchisor to Franchisee after Franchisee opens the Massage Heights Business shall include:

(a) Provide advice regarding the Retreat's operation based on Franchisee's reports or inspections. Advice will be given during Franchisor's regular business hours and via written materials, electronic media, telephone, at Franchisor's headquarters, or at the Retreat. There are no additional charges for these services.

(b) Informing Franchisee of recommended and mandatory specifications, standards and procedures for the operations of the Massage Heights Business.

(c) Researching new Products, Services, and methods of doing business, from time to time, and providing Franchisee with information concerning developments of this research.

(d) Allowing Franchisee to continue to use confidential materials and the Marks.

7.6 If Franchisee believes Franchisor has failed to adequately provide pre-opening services to Franchisee as provided in this Agreement in Sections 7.3 and 7.4, Franchisee shall notify Franchisor in writing within 30 days following the opening of the Massage Heights Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment.

7.7 During the term of the Agreement, Franchisor may, but shall not be required to, provide the following optional services to Franchisee:

(a) Develop private label goods or merchandise for sale at the Retreat;

(b) Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques;

(c) Make periodic visits to a Massage Heights Business for the purpose of assisting in all aspects of the operation of a Massage Heights Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of a Massage Heights Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at Franchisee's request, Franchisee must reimburse our expenses and pay our then-current training charges

(d) Maintain and administer the Brand Fund and use these funds to develop promotional and advertising programs for Massage Heights Businesses;

(e) Hold periodic system-wide conference calls, national or regional conferences or workshops to discuss business and operational issues affecting Massage Heights Businesses, including industry changes, new services and/or merchandise, and marketing strategies. Franchisee must pay the conference fee, if any, and all travel, lodging, and meal expenses. Franchisor strongly encourages Franchisee to attend any conferences or workshops that Franchisor may offer;

(f) Provide additional assistance and training regarding Franchisee's Massage Heights Business;

(g) Develop a referral program in which Franchisee and any other eligible participants, if any, may receive a referral fee for sending Franchisor an actualized lead, as described in the Brand Standards Manual;

(h) A representative of Franchisor may, at our sole discretion, provide additional assistance; subject to additional charges; and

(i) Provide Franchisee with a monthly newsletter, in our discretion.

7.8 Franchisor is not obligated to perform services set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service in writing signed by an authorized officer of Franchisor, otherwise Franchisee acknowledges and agrees that Franchisor shall not be obligated to provide any other services or specific level or quality of services.

8. FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS

8.1 Franchisee shall, consistent with the terms of this Agreement, diligently develop the Massage Heights Business and use its best efforts to market and promote the required Services and Products.

8.2 Franchisee shall complete the construction of Franchisee's Retreat, and shall maintain the Retreat, in accordance with the following requirements:

(a) Franchisee shall, at Franchisee's sole cost and expense, complete the interior build-out, install, maintain in sufficient supply, and use only equipment, furniture, fixtures, signs and supplies as specified by Franchisor in the Brand Standards Manual or otherwise in writing, and required by this Agreement.

(b) Franchisee may purchase or lease the required real property and improvements from any source upon terms approved by Franchisor in writing within 120 days after signing the Franchise Agreement. Proposals regarding location of the Retreat must be submitted to Franchisor within 90 days from the execution of this Agreement, or such longer time frame specified by Franchisor in writing. If Franchisor does not respond with an approval of Franchisee's request for the site of Franchisee's Retreat, the site shall be deemed disapproved. If Franchisor disapproves of the site, Franchisee must select another site, subject again to Franchisor's written consent. Franchisee must deliver to Franchisor any traffic; competition and demographic or similar location information relating to any proposed site that Franchisor reasonably requests for review at least 20 days before any proposed Lease signing date. Franchisee must deliver to Franchisor a copy of the proposed Lease, in a form acceptable to Franchisor, and such Lease must incorporate the following terms ("Required Terms"):

(i) A provision reserving to Franchisor the right to receive an assignment, for Franchisor, an affiliate or another franchisee, of the Lease upon termination or expiration of the Franchise;

(ii) A provision requiring the lessor to give Franchisor all sales and other information Franchisor requests relating to the Retreat's operation;

(iii) A provision requiring the lessor to concurrently send Franchisor a copy of any written notice of a Lease default sent to Franchisee and granting Franchisor the right (but without any obligation) to cure any Lease default within 15 business days after the expiration of Franchisee's cure period (if Franchisee fails to do so);

(iv) A provision requiring the lessor to concurrently send Franchisor a copy of any written notice of a Lease term or option expirations;

(v) A provision evidencing Franchisee's right to display the Marks according to the specifications in the Brand Standards Manual (subject only to applicable law);

(vi) A provision that the Premises may be used only for the operation of the Retreat;

(vii) A provision that Franchisor may be allowed to enter the Premises upon termination or expiration of the Franchise to de-identify the Premises as a Massage Heights location; and

(viii) A provision requiring the lessor to provide an exclusivity clause for massage services. Franchisor also recommends, but does not require, a provision requiring the lessor to provide an exclusivity clause for facial services.

(c) Franchisee must at all times comply with Franchisor's standards, specifications, processes, procedures, requirements and instructions regarding the Retreat's physical facilities, including the layout of the equipment, furnishings, fixtures, and treatment rooms and waiting room areas, changing rooms and front desk area. Franchisee must maintain the Retreat and any parking areas in good and safe condition, as specified in the Brand Standards Manual. Franchisee must remodel or upgrade the Retreat at is sole cost and expense in accordance with Franchisor's standards as set forth in the Brand Standards Manual, which may be modified by Franchisor at any time at Franchisor's discretion. Franchisor will continually be reviewing and analyzing developments on service trends, the latest technology products and the System, and based upon our evaluation of this information, may make changes in the System, including but not limited to adding new components to services offered and equipment used by Massage Heights Retreat franchises. Moreover, changes in laws regulating the services offered by Massage Heights franchises may (a) require Franchisor to restructure its franchise program, (b) require Franchisee's Designated Retreat Director (defined in Section 8.8) (if any) and key personnel to obtain additional licenses or certifications, (c) require Franchisee to retain or establish relationships with additional professionals and specialists in the massage therapy or facial industry, and/or require Franchisee to modify Franchisee's ownership or organizational structure. Franchisee agrees, at Franchisor's request, to modify the operation of the Massage Heights Business to comply with all such changes, and to be solely responsible for all related costs.

8.3 Subject to the terms of this Agreement, including Subsections 7.3(g), during the Term Franchisee shall strictly comply with all present and future standards, specifications, processes, procedures, requirements, and instructions of Franchisor regarding the operation of the Massage Heights Business and must comply with the following requirements:

(a) Prior to opening the Massage Heights Business, Franchisee must attend and successfully complete the Initial Training Program. If Franchisee is an entity, then a managing owner must attend and successfully complete the Initial Training Program. Franchisee may also bring up to two key personnel to the Initial Training Program, such as the Designated Retreat Director and lead massage therapist. Franchisee shall be responsible for travel, meals, personal expenses and living expenses incurred. If the Franchisee is not going to be the primary operator of the Massage Heights Business, he or she must bring a Designated Retreat Director to the Initial Training Program. If that initial Designated Retreat Director leaves the Massage Heights Business, the newly hired Designated Retreat Director must complete the Initial Training Program, prior to assuming responsibility for the management of Franchisee's Massage Heights Business. A Designated Retreat Director must successfully complete the training to operate the Massage Heights Business according to our brand standards. If Franchisor does not offer a Training Program in the specified time frame, the newly hired Designated Retreat Director must complete the next available Initial Training Program. If Franchisee does not complete the Initial Training within the specified time frame due to lack of knowledge, failure to attend, or other factors in Franchisee's control, Franchisor may charge Franchisee a training extension fee of $500.

(b) Franchisee must attend mandatory annual conventions, and may bring key personnel, at such locations as Franchisor may reasonably designate, and Franchisee shall pay all expenses of each person attending, including any convention fees and personal expenses, such as travel, lodging, meals, and other personal expenses. Franchisor may require Franchisee, and its Designated Retreat Director if it has one, to attend refresher or additional training courses. If Franchisor conducts an inspection of Franchisee's Massage Heights Business and determines Franchisee is not operating in compliance with this Franchise Agreement, the System, or Franchisor's brand standards, Franchisor may require Franchisee to attend remedial

training, and Franchisee shall pay all expenses of each person attending, including any travel, lodging, meals, and other personal expenses. Franchisor may choose to hold an annual convention and charge Franchisee for an annual convention fee, regardless of whether or not Franchisee attends the annual convention, to help defray the cost of holding the annual convention.

(c) Subject to Section 8.5, any additional required Service or Product introduced into the System by Franchisor must be offered for sale on a continuing basis at the Massage Heights Business at the time and in the manner required by Franchisor. Franchisor shall provide Franchisee at least 30-days prior written notice of any new required Service or Product introduced into the System. All equipment, facilities, products, supplies, and other items necessary to add the newly required Services or Products must be acquired, installed, and utilized at the time and in the manner required by Franchisor. The marketing of new Services and Products must begin at the Massage Heights Business as reasonably required by Franchisor.

(d) No service or product, except approved Services or Products, may be offered for sale from the Retreat, unless Franchisee receives the prior written consent of Franchisor (which may be granted or denied in Franchisor's sole discretion).

(e) Only advertising and promotional materials, services, equipment, tools, inventory, products, signage, supplies, and uniforms that meet Franchisor's standards and specifications shall be used at the Massage Heights Business. Advertising and promotional materials, services, equipment, inventory, products, signage, and supplies produced or approved by Franchisor for use by Franchisee may be used only in the manner and during the period specified by Franchisor. Franchisor may create promotional packages that include specific holiday promotional materials that will be used by Franchisee at Franchisee's own cost.

(f) Equipment, Services, Products, inventory, supplies, signage and other items must be added, eliminated, substituted and modified at the Massage Heights Business as soon as possible in accordance with changes in Franchisor's specifications and requirements.

(g) The Massage Heights Business and everything related to the Massage Heights Business must be maintained in good condition and must be kept clean, neat and sanitary. All maintenance, repairs and replacements reasonably requested by Franchisor or required in connection with the Massage Heights Business must be promptly made.

(h) No alterations of the Massage Heights Business materially affecting the image of the Massage Heights Business may be made except at Franchisor's request or approval, and any alterations must strictly conform to specifications and requirements established or approved by Franchisor.

(i) The Massage Heights Business and the Services provided and Products sold by Franchisee must comply with all applicable federal, state, and local laws, ordinances, rules, regulations and other requirements applicable to the Massage Heights Business. Franchisee must obtain all business licenses and permits required by federal, state and local laws, ordinances, rules and regulations before operating its Massage Heights Business. Franchisee must apply for all required licenses and permits within 20 business days after signing this Agreement, and if Franchisee does not obtain all required permits and licenses and other certifications necessary to operate its Massage Heights Business within six months after Franchisee's execution of the Franchise Agreement, or before the opening of Retreat, whichever is first, Franchisor may terminate this Franchise Agreement.

(j) The employees, equipment, tools, supplies, inventory, products, and other items on hand at the Massage Heights Business, must be at all times sufficient to efficiently meet the anticipated volume of business and to ensure the safety and security of Franchisee's patrons.

(k) Franchisee shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service, and meet such minimum standards as Franchisor may establish from time to time in the Brand Standards Manual or otherwise in writing. Franchisee is responsible for its employees' training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline, and termination for compliance with all workplace laws. Franchise will have sole authority and control over the day to day operation of the Massage Heights Business and its employees. At no time will the Franchisee or the Franchisee's employees be deemed to be employees of Franchisor or the Franchisor's affiliates. Neither this Agreement nor Franchisor's course of conduct is intended to be construed, to state, or to imply that Franchisor is the employer of Franchisee's employees and/or independent contractors, nor vice versa. Franchisee shall inform each employee or independent contractor that Franchisee is the employer or contracting party, and that Franchisor is not. Franchisee will post a conspicuous back of house notice explaining to employees that Franchisee is the employer, not Franchisor. Within seven (7) days of Franchisor's request, Franchisee and each of Franchisee's employees will sign an employment relationship acknowledgement form, acknowledging that Franchisee alone is the employer and operates the Massage Heights Business. Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee shall be solely responsible for all employment decisions and functions of the Massage Heights Business, including, without limitation, those related to hiring, firing, training, directing, scheduling, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, record keeping, supervision, and discipline of employees and independent contractors, regardless of whether Franchisee has received advice from Franchisor on the subject or not. Franchisee agrees that any direction received from Franchisor regarding employment policies should be considered as examples, and that Franchisee alone is responsible for establishing and implementing personnel policies, and that Franchisee should do so in consultation with local legal counsel well-versed in employment law. Franchisee is required at all times to comply with all applicable employment laws. Franchisor will not have any duty or obligation to operate the Massage Heights Business of the Franchisee, to direct the Franchisee's employees nor to oversee the Franchisee's employment policies and practices. Franchisee will use its' legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements and will not use the Marks on these documents.

(l) All debts and taxes arising in connection with the Massage Heights Business, except those duly contested in a bona fide dispute, must be paid when due.

(m) Franchisee will use its best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; and use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner. If a customer contacts the Franchisor with a complaint and Franchisor provides a gift card, refund, or other value to the customer as part of Franchisor's addressing the issue, Franchisee will reimburse all reasonable costs Franchisor incurs upon invoice by Franchisor.

(n) Franchisee must operate the Massage Heights Business 365 days a year, unless authorized otherwise by Franchisor in the Brand Standards Manual, or in writing, in Franchisor's discretion.

(o) Franchisee shall, at Franchisor's request, use credit card vendors, accept debit cards, credit cards, stored value gift cards, or other non-cash systems specified by Franchisor to enable customers to purchase the Products and Services offered by the Massage Heights Business. Franchisee shall acquire, at its expense, all necessary hardware and software used in connection with these non-cash systems.

(p) Franchisee agrees to maintain, at all times, credit-card relationships with the credit-card and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "Credit Card Vendors") that Franchisor may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). Franchisee agrees not to use any Credit Card Vendor for which Franchisor has not given Franchisee our prior written approval or as to which Franchisor has revoked our earlier approval. Franchisor has the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that Franchisor may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

(q) Franchisee shall comply with all terms and pay all fees that may be due under a software license agreement for any software that Franchisee is required to use in the operation of its Massage Heights Business as prescribed by Franchisor.

(r) Franchisee shall promptly pay to Franchisor any amount equal to all taxes levied or assessed, including, but not limited to, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipts taxes, taxes on Royalties, or any similar taxes or levies imposed upon or required to be collected or paid by Franchisor by reason of the furnishing or products, intangible property (including trademarks or trade names) or services by Franchisor to Franchisee through the sale, license or lease of property or property rights provided by this Agreement.

(s) In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Retreat, or any improvements thereon.

(t) Franchisee shall comply with the advertising requirements set out in Section 11.

(u) Franchisee shall not use any materials that are false or misleading.

(v) Franchisee shall ensure that all advertising, labeling, packaging and other materials associated with the Services and Products fully conform to all applicable laws and regulations.

(w) Franchisee shall conduct its business operations in accordance with all applicable laws and regulations, including but not limited to, consumer protection laws and regulations. Franchisee shall control the quality of the Services and Products to avoid quality problems or product liability claims or engaging in any other activity that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

(x) Franchisee shall agree to use in operating the Massage Heights Business the computer equipment, operating software and communications equipment designated by Franchisor. Franchisee must obtain the computer system, software license, maintenance and support services and other services related to the computer system from Franchisor or its designated supplier. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer and technology systems, and hardware by used by, between, or among the Massage Heights Businesses, and in accordance with our standards, including without limitation: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at the Massage Heights Businesses, between or among Massage Heights Businesses, and between and among Franchisee's Massage Heights Business, and Franchisee, and Franchisor; (b) customer relationship management systems; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; (f) internet access mode (e.g., form of telecommunications connection) and speed; (g) front-of-the-house Wi-Fi and other internet service for customers; and (h) collaboration tools, online scheduling/booking services, native phone apps (collectively, all of the above are referred to as the "Technology System").

Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees to comply with those reasonable new standards that Franchisor establishes as if Franchisor periodically revised this Section 8.3 for that purpose. Although Franchisor cannot estimate the future costs of the Technology System, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Technology System (or additions or modifications) and required service or support. Franchisor has no obligation to reimburse Franchisee for any Technology System costs. Within 60 days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain components of the Technology System that Franchisor designates and ensures that Franchisee's Technology System, as modified, is functioning properly. Franchisee must buy, use, and maintain the Technology System under Franchisor's standards and specifications, and Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance and upgrading of the Computer System; (2) the manner in which Franchisee's Technology System interfaces with Franchisor's computer system and those of Franchisor's other third parties; and (3) any and all consequences that may arise if the Technology System is not properly operated, maintained and upgraded. Finally, Franchisee agrees to sign any software license agreement or similar document that Franchisor or its affiliates prescribe to regulate Franchisee's use of, and Franchisor's and Franchisee's respective rights and responsibilities with respect to, the software. Franchisor has the right to monitor and review Franchisee's email communications to ensure that Franchisor's national name, brand and system are not damaged.

(y) Franchisee shall acquire, maintain, and upgrade hardware, software, information processing and communication systems, and Internet and other network access providers, as prescribed in the Brand Standards Manual and as modified periodically by Franchisor in Franchisor's sole discretion. Franchisee shall comply with any separate software or other license agreements that Franchisor or its designee use in connection with the System. Franchisee shall utilize Franchisor's proprietary software to schedule customer appointments, schedule therapists and track customer appointments, and shall sign Franchisor's then-current form of software license agreement for such use. Franchisee shall utilize Franchisor's required software, proprietary database management and intranet system, when available, for such other uses as prescribed by Franchisor periodically in the Brand Standards Manual, in Franchisor's sole discretion. Weekly sales and Royalty reporting may occur through mandatory software including the automatic draft via electronic transfer of Royalties and Brand Fund Contributions.

(z) In order to maintain critical communication with Franchisor, promote professional brand representation and support information security, Franchisee shall at all times maintain an active email account and shall check the account regularly at least once each day unless Franchisee notifies Franchisor that it will be unable to do so for a period of time (such as due to sickness or vacation). If available, Franchisee shall maintain an email account for the sole use of its Massage Heights Business on Franchisor's proprietary database management and intranet system.

(aa) Franchisee may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. Franchisee may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter or any other social or professional networking site or blog) or mention or discuss the franchise, Franchisor or Franchisor's affiliates, without Franchisor's prior written consent and is subject to Franchisor's then-current online policy. Franchisor's online policy may completely prohibit Franchisee from any use of the Marks in social networking sites or other online use.

(bb) If Franchisee is an entity, each owner holding an ownership interest greater than 5% in Franchisee must sign an owner's agreement, the form of which is attached to this Agreement as Attachment B. Franchisor also requires that the spouses of the Franchise owners sign the owner's agreement. Any Designated Club Director, and if Franchisee is an entity, any officer, director, manager or owner holding an ownership interest of 5% or less in the franchisee entity, must sign the Franchisor's System Protection Agreement. All of Franchisee's employees, independent contractors, agents and representatives that may have access to Franchisor's confidential information must sign a confidentiality agreement, unless they already signed a System Protection Agreement.

8.4 In prescribing standards, specifications, processes, procedures, requirements or instructions under Section 8.2 or any other provision of this Agreement, Franchisor shall have the right to set minimum and maximum prices and minimum advertised and unilateral price policies for Services and Products, unless otherwise prohibited by law.

8.5 Franchisor and Franchisor's representatives shall have the right during business hours upon reasonable notice to Franchisee to inspect the Massage Heights Business and all other facilities used for providing Services and selling approved Products. Franchisor and Franchisor's representatives will have the right to observe the manner in which Franchisee is rendering its Services and conducting its operations of the Massage Heights Business. Franchisor and Franchisor's representatives shall have the right to discuss with Franchisee, or other personnel Franchisee may designate, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements,

instructions and procedures and Franchisor may document Franchisee's training, maintenance procedures and techniques used in delivering Services as it relates to the Massage Heights Business. Franchisee shall in all respects cooperate with Franchisor's rights under this Section 8.5; provided that Franchisor's exercise of these rights shall not unreasonably interfere with Franchisee's conduct of the Massage Heights Business. Franchisor shall not have control over the day-to-day managerial operations of the Massage Heights Business.

8.6 Franchisee agrees to participate in, and, if required, become a member of any advisory councils or similar organizations Franchisor forms or organizes for Massage Heights® Retreat franchises.

8.7 Franchisor may require Franchisee's compliance with the provisions of this Section 8 even if it does not require such compliance by all franchisees.

8.8 Franchisee may or may not function as the on-site supervisor; but will complete the Initial Training Program regardless of whether or not he or she functions in that role. If the Franchisee is not going to function as the on-site supervisor, or if the Franchisee is a legal entity and its owners are not personally participating in the operations of the Massage Heights Business, the Franchisee shall nominate a designated retreat director ("Designated Retreat Director") having the required experience who shall have direct responsibility for all operations of the Massage Heights Business. A Designated Retreat Director is required to be properly trained to operate the Massage Heights Business according to our brand standards.

8.9 Franchisee shall become a member of such trade associations or other organizations which, in the reasonable opinion of Franchisor, are useful in the operation of the Massage Heights Business. Franchisee shall have the option to become a member of all benefit programs which are offered from time to time by Franchisor to all of its franchisees. The costs of participating in such trade associations, organizations, and benefit programs shall be borne by Franchisee and its employees (if applicable to the employees). Nothing in this Section 8.9 limits Franchisee's freedom to join any franchise or franchisee association of its choosing.

8.10 Franchisee shall at all times have sufficient computer skills to operate Franchisee's computer, understand how to utilize any software Franchisor requires to be used in the Massage Heights Business, and to access email and the Internet. If Franchisor determines that Franchisee requires additional computer training, Franchisor shall notify Franchisee in writing regarding the nature of the additional training required, and Franchisee shall have 90 days to complete such training at a local computer training school at Franchisee's sole cost and expense. Franchisor reserves the right to designate the computer training school which Franchisee must attend. At the end of the training program, Franchisee shall present a certificate reasonably acceptable to Franchisor establishing that Franchisee passed the training course. Franchisee's failure to seek additional training or to pass the course shall constitute a default of this Agreement.

8.11 Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, data-related problems, and attacks by hackers and other unauthorized intruders. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, Lessors, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems. Franchisee agrees to comply with all applicable laws pertaining to the

privacy of customer, employee, and transactional information ("Privacy Laws"). If there is a conflict between Franchisor's standard and policies and Privacy Laws, Franchisee will: (a) comply with the requirements of applicable law; (b) immediately notify Franchisor in writing of said conflict; and (c) promptly and fully cooperate with Franchisor in determining the most effective way, if any, to meet the standards within the bounds of applicable law.

8.12 Franchisee may not open its Massage Heights Business until: (1) Franchisor notifies Franchisee in writing that all of Franchisee's obligations have been fulfilled; (2) the Initial Training Program has been completed to Franchisor's satisfaction; (3) all amounts due to Franchisor have been paid; (4) Franchisor has been furnished with copies of all insurance policies and certificates required by Section 12, or other documentation of insurance coverage and payment of premiums that Franchisor may request, in Franchisor's discretion; (5) Franchisee notifies Franchisor that all approvals and conditions set forth in this Agreement have been met; (6) Franchisee has obtained all necessary permits and licenses; (7) Franchisee has provided Franchisor with a fully executed copy of the Lease for Franchisee's Retreat negotiated in accordance with the terms of Subsection 8.2(b); and (8) Franchisee has ordered, received and installed all equipment, supplies, inventory, tools, products, uniforms and computer hardware and software required by Franchisor. Franchisee shall begin operating the Massage Heights Business after Franchisor determines that the Massage Heights Business is ready for opening.

8.13 To ensure uniformity and compliance with the System, Franchisor may send a mystery shopper or similar third party to Franchisee's Massage Heights Business. Franchisor may, but is not obligated to, share the results of the mystery shopper with Franchisee.

8.14 Franchisee must open the Massage Heights Business within 270 days from the Effective Date of this Franchise Agreement. If Franchisee purchases multiple Franchises upon the Effective Date of this Franchise Agreement, Franchisor requires that Franchisee open each additional Massage Heights Business within 270 days from opening the previous Massage Heights Business. Failure to open the Massage Heights Businesses within these time frames is a material breach of this Franchise Agreement.

9. PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES

9.1 Except as specifically set forth in the Brand Standards Manual, Franchisee must purchase all Products, services, equipment, inventory, supplies and software from Franchisor's designated or approved suppliers, manufacturers and distributors. The standards and specifications for equipment, computer hardware and software, inventory, signage, supplies, massage facilities, Services and Products required by Franchisor shall be maintained in the Brand Standards Manual. Franchisor has the right to require Franchisee to discontinue purchasing any Products, services, equipment, inventory, supplies, hardware or software from any supplier, manufacturer or distributor and may designate or approve new suppliers, manufacturers or distributors at any time in Franchisor's sole discretion.

9.2 Franchisee acknowledges and agrees that Franchisor may receive from designated or approved suppliers of Franchisee's Products, services, equipment, inventory, supplies and hardware and software, periodic volume rebates or other revenue or consideration as a result of Franchisee's purchases. Franchisee further acknowledges and agrees that Franchisor shall be entitled to keep for its own use and account such rebates and revenue.

9.3 The names and addresses of Franchisor's required or approved suppliers, manufacturers, vendors, and distributors shall be maintained in the Brand Standards Manual. Franchisor reserves the right to approve all of the Products, supplies, Services, equipment, inventory, hardware and software used in connection with Franchisee's Massage Heights Business.

9.4 Franchisee must at all times maintain an inventory of approved massage related items at Franchisee's Retreat in sufficient quantities and variety to realize the full potential of the Massage Heights Business, and in accordance with the procedures and standards set forth in the Brand Standards Manual. Franchisee must purchase all such items from Franchisor's designated approved suppliers.

9.5 Franchisee may request that Franchisor approve or designate a new supplier by following the procedures, and paying all required fees and expenses for approval, as set forth in the Brand Standards Manual and modified periodically by Franchisor in Franchisor's discretion.

10. MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS

10.1 Franchisee acknowledges and agrees that:

(a) Franchisor is the owner or exclusive licensee of all right, title and interest, together with all the goodwill of the Marks. Franchisee further acknowledges that the Marks designate the origin or sponsorship of the System, the Massage Heights Business, and the Products and Services, and that Franchisor desires to protect the goodwill of the Marks and to preserve and enhance the value of the Marks. In the event that Franchisee acquires any rights, title or interest in the Marks, Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor.

(b) All right, title and interest in and to all materials, including but not limited to, the content and format of our products, the Brand Standards Manual and all artwork, designs and advertising materials created by Franchisor, and used with the Marks or in association with the Massage Heights Business ("Copyrighted Materials") are the property of Franchisor. Additionally, all Copyrighted Materials created by Franchisee or any other person or entity retained or employed by Franchisee are works made for hire within the meaning of the United States Copyright Act and are the property of Franchisor, who shall be entitled to use and license others to use such Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Franchisor's right in the Copyrighted Materials as required in this Subsection 10.1(b).

(c) Franchisee shall not dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Marks or Copyrighted Materials or Franchisor's ownership of the Marks or Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with Franchisor's ownership of the Marks or Copyrighted Materials, nor will it represent that it has any right, title, or interest in the Marks or Copyrighted Materials other than those expressly granted by this Agreement.

(d) Franchisor may, in its sole and absolute discretion, apply to register or register any trademarks or copyrights with respect to the Services, Products and any other products and services and the Copyrighted Materials. Failure of Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee shall not, before or after termination or expiration of the Agreement, register or apply to register any of the Marks or

any trademark, service mark or logo confusingly similar thereto or any Copyrighted Materials, anywhere in the world.

(e) Upon Franchisor's request, Franchisee shall cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing Franchisor's rights in the Marks and Copyrighted Materials, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the Services and Products and other products and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

(f) All usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor. This Agreement does not confer any goodwill or other interests in the Marks to Franchisee upon expiration or termination of the Agreement.

(g) **FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS OR COPYRIGHTED MATERIALS.**

10.2 Franchisee acknowledges and agrees that:

(a) Franchisee's right to use the Marks and Copyrighted Materials are derived solely from this Agreement. Franchisee may only use the Marks and Copyrighted Materials in its operation of the Massage Heights Business and only in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor in the Brand Standards Manual and elsewhere from time to time during the Term and any Successor Term. Franchisee shall make every effort consistent with this Agreement to protect, maintain, and promote the Marks as identifying the System and only the System.

(b) Any unauthorized use of the Marks or Copyrighted Materials by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks and Copyrighted Materials.

(c) Franchisee shall not use any Marks or portion of any Marks as part of a corporate or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

(d) In order to preserve the validity and integrity of the Marks and Copyrighted Materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Massage Heights Business, upon reasonable notice to Franchisor or its agents shall have the right of entry and inspection of Franchisee's Massage Heights Business and operating procedures pursuant to Section 8.5.

(e) Franchisee will safeguard and maintain the reputation and prestige of the Marks and Copyrighted Materials and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with the Marks. Franchisee will not do anything that would dilute, directly or indirectly, the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same.

(f) Franchisee will use the Marks and Copyrighted Materials only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising and promotional materials, invoices, signage, business checks, business cards, stationery, and promotional items such as clothing, hats, pens, mugs, etc., which have been approved by Franchisor in accordance with this Agreement, and promptly follow instructions regarding the Marks and Copyrighted Materials as provided in the Brand Standards Manual and otherwise given by Franchisor periodically.

(g) Franchisee will use the following copyright notice at least once on each piece of advertising, promotional, or other material used in connection with the Products and Services:

© (year of first publication). Massage Heights Franchising, LLC. All Rights Reserved.

(h) Franchisee will use the Marks with a superscript "®" or "™", as specified by Franchisor, unless and until advised by Franchisor to use a different notice.

10.3 Franchisee acknowledges and agrees that:

(a) If, in Franchisor's reasonable determination, the use of Marks or Copyrighted Materials in connection with the Services, Products, other products and services or the Massage Heights Business will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Marks or Copyrighted Materials, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify or discontinue use of the Marks or Copyrighted Materials, then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in the manner prescribed by Franchisor. Franchisor may require Franchisee to use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols or copyrighted materials.

(b) Franchisee shall notify Franchisor within three days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks or Copyrighted Materials, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks or Copyrighted Materials and shall exercise such right in the sole discretion of Franchisor. Franchisor shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Marks, Copyrighted Materials or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At Franchisor's option, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee.

10.4 All provisions of this Agreement applicable to the Marks and Copyrighted Materials apply to any and all additional trademarks, service marks, commercial symbols and copyrighted materials authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

10.5 During the Term, or any Interim Period, any improvements or additions to the System, patents, Copyrighted Materials, website or any other documents or information pertaining to or relating to the System or the Massage Heights Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the Massage Heights Business or any advertising and promotional ideas or inventions related to the Massage Heights Business (collectively, the "Improvements") that Franchisee conceives or develops shall become our property. Franchisee agrees to assign and do hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other Massage Heights franchisees without any obligation to Franchisee for royalties or other fees. Franchisor may, in its discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor in securing such rights. Franchisor may also consider such Improvements as our property and Trade Secrets. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by Franchisee or any other person or entity retained or employed by Franchisee are our property, and Franchisor shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section

11. ADVERTISING AND PROMOTION

11.1 Pre-Operating Advertising and Local Advertising.

(a) For the period beginning approximately 90 days before Franchisee opens its Retreat and continuing through approximately the first 30 days after the Retreat has been open and operating, Franchisee must spend at least $14,000 to advertise, market and promote the Massage Heights Business ("Start-Up Advertising Expense"). $9,000 of the Start-Up Advertising Expense must be spent by Franchisee before Franchisee's Retreat opens and $5,000 must be spent during the first 30 days after Franchisee's retreat has been open. Franchisor at its sole discretion may manage the Start-Up Advertising Expense, requiring full reimbursement by Franchisee, plus a 10% administrative fee. The Start-Up Advertising Expense is in addition to the Local Advertisement Requirement, described below.

(b) Unless Franchisor specifies a lesser amount, Franchisee agrees to spend the following minimum amount on local advertising and promotions within the Territory, once the Retreat is opened and operating ("Local Advertisement Requirement"):

Time Period	Local Advertisement Requirement
First partial and full calendar year	At least of $3,000 per month
Second full calendar year and each subsequent year	Franchisee will be required to spend 3% of the yearly Gross Revenue of the previous calendar year over the next calendar year on local advertisement.

(c) If Franchisee fails to spend the minimum Local Advertising Requirement by the end of the year, Franchisee will be required to pay the difference to the Brand Fund, as defined in Section 11.3.

(d) All advertising conducted for the Local Advertising Requirement must be in accordance with the Brand Standards Manual.

(e) Franchisor may list information in an online classified directory listing.

(f) Franchisee agrees, at its sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by Franchisor, and to honor the rebates, giveaways and other promotions issued by other Massage Heights businesses under any such program, so long as such compliance does not contravene any applicable law, rule or regulation.

(g) Franchisee agrees it will not create or issue any gift cards or gift certificates and will only sell gift cards and gift certificates that have been issued or sponsored by Franchisor and which are accepted at all Massage Heights businesses, and Franchisee will not issue coupons or discounts of any kind except as approved by Franchisor.

(h) All advertising and promotions by Franchisee shall be conducted in a dignified manner and shall conform to the standards and requirements set forth in the Brand Standards Manual or otherwise. Franchisee shall obtain Franchisor's prior approval of all advertising and promotional plans and materials prior to use if such plans and materials were not prepared by Franchisor or previously approved by Franchisor during the 6 months prior to their proposed use. Franchisee shall submit such unapproved plans and materials to Franchisor, and Franchisor shall approve or disapprove such plans and materials within 14 days of Franchisor's receipt. Franchisee shall not use unapproved plans or materials until they have been approved by Franchisor, and shall promptly discontinue use of any advertising or promotional plans or materials or websites, whether or not previously approved, upon notice from Franchisor. If Franchisee violates any provision of this Section 11.1(f), in addition to all other remedies available to Franchisor, Franchisee will pay an unauthorized advertising fee of $500 per occurrence to the Brand Fund to offset the damage caused by Franchisee's breach.

11.2 Franchisor shall make available to Franchisee all advertising and promotion materials for the Massage Heights Business which are used by Franchisor and other franchisees. Franchisee may not develop advertising materials for use in the Massage Heights Business without Franchisor's approval. If Franchisor approves the advertising materials prepared by Franchisee in writing, Franchisor may make available to other franchisees such advertising and promotion materials. Franchisee must pay duplication costs of any advertising or promotion material provided by Franchisor.

11.3 Franchisor has formed an advertising fund for marketing of the System, the Marks and the Massage Heights businesses ("Brand Fund"). Franchisee shall remit up to 5% (currently 1.5% for the first 12 months of operations and 3% beginning the thirteenth month of operations) of the Gross Revenues for the preceding two weeks or portion thereof to Franchisor ("Brand Fund Contribution") at the same time and in the same manner as the Royalty. If Franchisee is purchasing an existing Massage Heights Business, and it has been operating for more than 12 months at the time the transfer is complete, Franchisee's Brand Fund Contribution will be 3% (subject to any increases that have taken place). Franchisor will provide Franchisee with 30 days prior notice before increasing the Brand Fund Contribution. No action taken by Franchisee shall diminish Franchisee's obligations to pay the Brand Fund Contribution to the Brand Fund. The Brand Fund Contribution is in addition to all other advertising obligations Franchisee has in this Franchise Agreement.

11.4 Advertising materials and services will be provided to Franchisee through the Brand Fund. Franchisor may occasionally provide for placement of advertising, development of promotional materials, and undertaking public relations activities on behalf of the entire System, including franchisees, or on behalf of a particular region, that may not include Franchisee, through the Brand Fund. Franchisor reserves the right to use the Brand Fund Contribution from the Brand Fund to place advertising in national media or regional media (including broadcast, print, electronic, or other media) in the future. Franchisor may use any media for disseminating Brand Fund advertisements, including direct mail, print ads, the Internet, radio, billboards and television. Franchisee acknowledges that the Brand Fund is intended to maximize the general brand recognition of the System. Franchisor is not obligated to expend Brand Funds on Franchisee's behalf or benefit or expend Brand Funds equivalent or proportionate to Franchisee's Brand Fund Contributions on Franchisee's behalf or benefit.

11.5 Franchisor shall have complete discretion as to how the Brand Fund is utilized. All advertising, public relations, and promotions will be started and continued by Franchisor, when, in Franchisor's sole discretion, Franchisor deems that it has accumulated sufficient monies for that purpose. The Brand Fund will be used to promote the System, Services and Products sold by Franchisees and will not be used for advertising that is principally a solicitation for the sale of franchises; provided, however, that Franchisee acknowledges and agrees that Franchisor may undertake certain activities using funds from the Brand Fund that have the effect of increasing the visibility of, and interest in, the System by prospective franchisees, and Franchisor reserves the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing or information regarding acquiring a franchise. The Brand Fund will be administered by Franchisor, its affiliates of designees, at Franchisor's discretion. Franchisor's accounting and marketing personnel or a representative designated by Franchisor will administer the Brand Fund. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when the franchisee signed its Franchise Agreement. Franchisor-owned outlets may, but are not required to, contribute to the Brand Fund. Franchisor assumes no fiduciary duty to Franchisee or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Franchisor may use the Brand Fund for advertising, public relations, market research, trade show attendance, goodwill retention programs such as gift card and prepaid membership reimbursement from expired or terminated franchises (to be indemnified by Franchisee under Section 12.2), promotion, point-of-sale materials, point-of-sale systems, photography, and illustrations to be used in promotional materials, marketing of goods and services provided by Franchisor and outside vendors, including but not limited to marketing agencies, and administration of the Brand Fund, including but not limited to, salaries, overhead, the rental of office space, administrative, accounting, collection and legal costs and expenses. The Brand Fund will be maintained by Franchisor in a separate account. The Brand Fund is not audited. Once per year, an annual un-audited financial statement of the Brand Fund, at the expense of the Brand

Fund, will be available 120 days after Franchisor's fiscal year end to Franchisee for review once a year upon request.

11.6 The Brand Fund Contributions collected by the Brand Fund are non-refundable. The Brand Fund may be terminated at any time by Franchisor, in its sole discretion. In the event that the Brand Fund is terminated, any remaining balance in the Brand Fund will be expended as provided for in Section 11.5 or returned to Franchisee on a pro-rata basis.

11.7 Franchisee shall fully participate in all such promotional campaigns, prize contests, special offers, and other programs, national, regional, or local in nature (including the introduction of new Services, Products, new franchises or other marketing programs directed or approved by Franchisor), which are prescribed from time to time by Franchisor. Franchisee shall be responsible for the costs of such participation. Franchisor will EFT debit Franchisee for any costs associated with such promotional programs. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Franchisor at Franchisee's sole cost unless otherwise specified in writing by Franchisor. Franchisee will maintain an adequate supply of marketing brochures, pamphlets and promotional materials as may be required by Franchisor from time to time. The cost for such participation will be applied to Franchisee's Local Advertising Requirement obligations set forth in Section 11.1.

11.8 Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee or the Brand Fund or otherwise with respect to the management, maintenance, direction, administration or otherwise of the Brand Fund. Franchisee and Franchisor agree that their rights and obligations with respect to the Brand Fund and all related matters are governed solely by this Agreement and neither this Agreement or the Brand Fund creates a trust, fiduciary relationship, or similar arrangement between Franchisor and Franchisee.

11.9 Local Advertising Cooperatives.

(a) Franchisor reserves the right to form a cooperative advertising association ("Cooperative") for the purpose of jointly advertising and promoting Massage Heights Business franchises. Members of the Cooperative will be responsible for administering the Cooperative, including determining the amount of contributions from each member and preparing bylaws or other governing documents subject to the terms of this Agreement, Brand Standards Manual, and Franchisor's approval.

(b) If, in connection with a Cooperative's formation or functioning, its members are unable to reach agreement with respect to any disagreement over organization, administration, "spill" policy, contribution waivers or exceptions, budget or other matters that the members cannot resolve within 45 days, the issue will be referred to Franchisor for resolution. Franchisor's decision with respect to the issue's resolution will be binding on all members of the Cooperative. Local and regional advertising cooperative fees will be established by members of the Cooperative.

(c) Franchisee agrees (i) to join, participate in, and actively support any Cooperative established in the Massage Heights Business's DMA, and (ii) to make contributions to each Cooperative on the payment schedule adopted by the Cooperative's members and at the contribution rate Franchisor approves. Contributions Franchisee makes to the Cooperative will be credited toward Franchisee's Local Advertising Requirement.

(d) Franchisor shall have the sole right, in its discretion, to form, change, dissolve or merge any Cooperative.

11.10 Internet Website.

(a) Franchisor may establish and maintain an Internet website and certain social media sites ("Sites") that provide information about the Massage Heights Business System, the services and products that Massage Heights Businesses offer, and to offer online reservations for guests. Franchisor will have sole discretion and control over the Sites' design and contents. Franchisor may use part of the marketing fees it collects under Section 11.3 and part of the Brand Fund's revenues to pay or reimburse itself for the costs of maintaining and updating the Sites, except that Franchisor may not use marketing fees or Brand Fund contributions to pay for those components of the website that are devoted to the sale of Massage Heights Business franchises.

(b) The Sites may include a section that provides the address, telephone number and email address of each Retreat in the System, including Franchisee's Retreat.

(c) Franchisee will not have any independent right to advertise its Retreat on the Internet, including discount websites offering Products or Services at reduced prices, or establish any Sites utilizing the Marks without the prior written consent of Franchisor, which may be withheld in Franchisor's sole discretion.

11.11 Photo/Video Release. Franchisee acknowledges and authorizes Franchisor to use Franchisee's likeness in a photograph in any and all of our publications, including printed and digital publications and on websites or social media sites. Franchisee agrees and understands that any photograph using Franchisee's likeness will become our property and will not be returned. Franchisee agrees and irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph of Franchisee for any lawful purpose. Franchisee agrees and waives any rights to royalties or any other compensation related to our use of any photograph of Franchisee. Franchisee agrees to hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization.

12. INSURANCE AND INDEMNITY

12.1 Franchisee shall, prior to opening the Retreat, purchase and at all times maintain in full force and effect:

(a) Insurance policies, in such amounts and on such terms, as prescribed by the Brand Standards Manual, issued by an insurance company rated A-VIII or better by A.M. Best & Company Inc., or a similar reporting company if such rating is not available in Franchisee's area, or from in insurance company otherwise acceptable to Franchisor at all times during the Term of this Agreement and any Successor Terms. Insurance coverage must include, but is not limited to, comprehensive general liability and professional liability and industry related rider(s) in an amount per occurrence of not less than such amount set forth in the Brand Standards Manual. Insurance policies must insure Franchisee, and, except for employment liability insurance policies, Franchisor, Franchisor's Affiliates, and Franchisor's and Franchisor Affiliates' respective officers, directors, shareholders, managers, members and all other parties designated by Franchisor, as additional named insureds against any liability which may accrue against them because of the ownership, maintenance or operation by Franchisee of the Massage Heights Business. The policies must also stipulate that Franchisor shall receive a 30 day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all

rights of subrogation against Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance (collectively, "Certificates of Insurance") acceptable to Franchisor, including original endorsements effecting the coverage required by this Section, shall be furnished to Franchisor, or Franchisor's designee, together with proof of payment within 10 days of issuance thereof. Franchisee shall also furnish Franchisor, or Franchisor's designee, with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) at all instances of any change to, addition to, or replacement of, any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in Franchisor's sole discretion. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor, or Franchisor's designee, may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a service charge of 20% of the premium to compensate Franchisor for the time and effort expended to secure such insurance, within 5 days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 17 of this Agreement. Franchisee shall also procure and pay for all other insurance required by state or federal law. Franchisor reserves the right to modify minimum insurance requirements or the types of coverage required at any time in its sole discretion by updating the Brand Standards Manual.

(b) All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its shareholders, members, directors, managers, employees or agents.

(c) All liability insurance policies procured and maintained by Franchisee in connection with the Massage Heights Business will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, and, except for legal actions, lawsuits and claims related to employment liability, Franchisor, Franchisor's Affiliates and their respective officers, directors, managers, members, agents, employees, and all other entities or individuals designated by Franchisor as additional insureds.

12.2 Franchisee shall, during the Term and any Successor Terms and after the termination or expiration of this Agreement, indemnify and defend Franchisor, its Affiliates, parents, subsidiaries or related companies, divisions and partnerships, and their respective past and present stockholders, partners, directors, officers, employees, agents, attorneys and assignees, and the spouses of such individuals ("Indemnified Parties") for, and hold the Indemnified Parties harmless against, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses), including the following:

(a) a breach of this Agreement, or any other agreement between the parties, or any breach of a Lease or other instrument by which the right to occupy any Retreat or any other premises used by Franchisee to operate the Massage Heights Business is held, by Franchisee;

(b) any injury to, or loss of property of, any person in, or on, the Retreat or any other premises used by Franchisee to operate the Massage Heights Business;

(c) Franchisee's taxes, liabilities, costs or expenses of its Massage Heights Business;

(d) any negligent or willful act or omission of Franchisee, its officers, directors, managers, members, partners, employees, agents, servants, contractors or others for whom it is, in law, responsible;

(e) any violation of any federal, state or local law, ordinance or regulation imposing requirements or prohibitions on Franchisee in the operation of the Massage Heights Business;

(f) any advertising or promotional material distributed, broadcasted or in any way disseminated by Franchisee, or on its behalf unless such material has been produced, or approved in writing, by Franchisor;

(g) any loss of data including, but not limited to customer information, resulting from a breach of such data caused in whole or in part by Franchisee or Franchisee's negligence; and

(h) Franchisee's employment or other contractual relationship with Franchisee's employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding or ruling that Franchisor is an employer or joint employer of Franchisee's employees.

Each Indemnified Party shall have the right to defend any such claim against it at Franchisee's expense and agree to settlements or take any other remedial, corrective or other actions.

12.3 Franchisor agrees to indemnify Franchisee against, and reimburse Franchisee for, all damages for which Franchisee is held liable in any trademark infringement proceeding arising out of Franchisee's use of any Mark pursuant to and in compliance with this Agreement, and for all costs Franchisee reasonably incurs in the defense of any such claim in which Franchisee is named as a party, so long as Franchisee has timely notified Franchisor of the claim, have not altered the Mark, and have otherwise complied with this Agreement.

12.4 Franchisor and any other party which is indemnified by this Section 12 has the right to defend any claim brought under this Section 12 and such defense shall not be considered a waiver of the party's rights to indemnification under this Section 12.

13. RELATIONSHIP

13.1 Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of Franchisor and no training or guidance given by, or assistance from, Franchisor shall be deemed to negate such independence. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Franchisor and Franchisee agree that no partnership, fiduciary relationship, joint venture, employment, or joint-employment relationship exists between them. Franchisee shall conspicuously identify itself in all public records and all dealings with the public as a sole operator that is an entity separate from Franchisor and state that Franchisor has no liability for the Massage Heights

Business being conducted from the Massage Heights Business location. This shall include, but not be limited to, all membership agreements between Franchisee and clients of the Massage Heights Business. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the independent contractor relationship of a franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Franchisee agrees to clearly inform each of its employees and contractors that the Franchisee is the sole employer or contractual party, respectively. Franchisee agrees to explain to its employees and contractors the respective roles of a franchisor and franchisee and our relationship as Franchisor and Franchisee, and Franchisee will request that its employees and contractors sign any acknowledgement or disclosure explaining the differences between Franchisor and Franchisee. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Franchisee acknowledges that Franchisor has no responsibility to ensure that the Massage Heights Business is developed and operated in compliance with all applicable laws, ordinances, and regulations and that Franchisor shall have no liability in the event the development or operation of the Massage Heights Business violates any law, ordinance, or regulation.

13.2 Neither party hereto shall make any agreements, representations or warranties (except by Franchisor in advertising as provided herein) in the name of, or on behalf of, the other party; neither party hereto shall be obligated by, nor have any liability for, any agreements, representations or warranties made by the other (except by Franchisor in advertising as provided herein) nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's Massage Heights Business, whether caused by Franchisee's negligent or willful action or failure to act.

13.3 Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any value added, sales, use, service, occupation, excise, Gross Revenues, income, property or other tax levied upon Franchisee, Franchisee's property, the Massage Heights Business or upon Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor). Franchisor shall have no liability in the event the development or operation of the Massage Heights Business violates any law, ordinance, or regulation.

14. RESTRICTIVE COVENANTS

14.1 Franchisee acknowledges and agrees that:

(a) Franchisee's entire knowledge of the operation of the Massage Heights Business, the System, and the concepts and methods of promoting the Massage Heights Business hereunder, that it has now or obtains in the future, is derived from Franchisor's Confidential Information and Trade Secrets. Franchisee further acknowledges and agrees that all of the Confidential Information and Trade Secrets are the sole property of Franchisor, represent valuable assets of Franchisor and that Franchisor has the right to use the Confidential Information and Trade Secrets in any manner it wishes at any time.

(b) During the Term and any Successor Terms, Franchisee, and Franchisees' owners, Designated Retreat Directors, officers, directors, managers, members, partners, and employees

who have access to the Confidential Information and Trade Secrets agree that they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information and Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring employees, Designated Retreat Directors, training class attendees, and Franchisee owners who have access to the Confidential Information and Trade Secrets to execute such nondisclosure agreements as Franchisor may require periodically, and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be named as a third party beneficiary on such nondisclosure agreements.

(c) After the Agreement expires or is terminated, Franchisee, and Franchisees' owners, Designated Retreat Directors and employees who have access to the Confidential Information and Trade Secrets agree that for a period of two years after the termination or expiration of the Agreement (unless such information is a Trade Secret in which case the requirements in this Subsection 14.1(c) will remain in place for as long as such information constitutes a Trade Secret) they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information or Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring written non-disclosure agreements for those individuals as Franchisor may require and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be named as a third party beneficiary on such nondisclosure agreements.

(d) Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) Confidential Information in the public domain after it was communicated to Franchisee through no fault of Franchisee, its owners, Designated Retreat Directors or employees; (b) Confidential Information in Franchisee's possession free of any obligation of confidence at the time it was communicated to Franchisee; or (c) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information, if Franchisee has notified Franchisor before disclosure and used Franchisee's best efforts, and afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

14.2 Franchisee covenants and agrees that:

(a) During the Term of this Agreement and any Successor Terms thereof, Franchisee, its owners, the immediate family members of the owners, Designated Retreat Directors, officers, directors, managers, members, and partners shall not, without the prior written consent of Franchisor, either individually or in a partnership, corporation, limited liability company, joint venture or other business entity or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder, member, partner or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business operating in competition with any business offering massage or

facial services to the general public ("Competitive Business") as carried on from time to time during the Term of this Agreement, including any Successor Term.

(b) During the Term of this Agreement and any Successor Terms thereof, Franchisee may not interfere with any other Massage Heights franchise (including but not limited to Franchisor owned franchises), nor solicit or hire an employee or independent contractor of Franchisor, its affiliates or any Massage Heights franchise, without the prior written permission of Franchisor, its affiliate or such other franchisee, as applicable.

(c) Upon termination or expiration of the Term or any Successor Term, or the transfer, sale or assignment of this Agreement by Franchisee, neither Franchisee as an individual, or as a representative of the Franchisee entity, the Designated Retreat Director nor Franchisee's owners, officers, directors, managers, members, or partners will manage, operate, finance, control, participate in, or have any direct or indirect interest (i.e. through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for two years, in any Competitive Business in: (1) the Territory or any other franchisee's territory; (2) within 15 miles of the Territory or any other franchisee's territory (whether opened or under development); or (3) within 15 miles of any Franchisor or Affiliate-owned Massage Heights Business.

14.3 During the Term (including any Successor Term) of this Agreement and for a period of two years thereafter, Franchisee, Franchisee's owners, officers, directors, managers, members, partners, and the Designated Retreat Director shall not attempt to attain an unfair advantage over other franchisees or Franchisor or any Affiliates thereof by, including but not limited to, public defamation, false or misleading public statements, soliciting any customer or soliciting for employment any person who is, at the time of such solicitation, employed by, or serving as an independent contractor for, Franchisor, other franchisees or any Affiliates, nor shall Franchisee, Franchisee's owners, officers, directors, managers, members, partners, nor the Designated Retreat Director, directly or indirectly induce or attempt to induce any such person to leave his or her employment or contract position as aforesaid.

14.4 If any person restricted by this Section 14 refuses to voluntarily comply with the foregoing obligations, the two year period will commence with the entry of any order of a court or arbitrator enforcing this Section 14.

15. ASSIGNMENT

15.1 Franchisee acknowledges that Franchisor's obligations under this Agreement are not personal. Franchisor shall have the absolute right, in its sole discretion and at any time, to unconditionally transfer or assign this Agreement or any of its rights or obligations under this Agreement to any person, corporation or other party.

15.2 Franchisor reserves the right to assign the franchise System to anyone, including the operator of a competing national or regional chain or franchise system. Franchisee acknowledges and agrees that Franchisor may sell its assets, the Marks or the System to any third party of Franchisor's choice; may offer its securities privately or publicly; may merge with or acquire other business entities or be acquired by another business entity; may permit and participate in any transfer or distribution of its securities in connection with a spin-off; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent and, provided the transferee expressly assumes and undertakes to perform Franchisor's obligations in all material respects, do so free of any responsibility or liability whatsoever to Franchisee after the transaction occurs.

15.3 With regard to any of the above sales, assignment and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks, assets or the System from Franchisor to any other party.

15.4 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, this Agreement, Franchisee's rights and interests hereunder, the property and assets owned and used by Franchisee in connection with the Massage Heights Business, and any shares, stock, membership or interest in any corporation, limited liability company, or other entity having an interest in the Massage Heights Business, shall not be voluntarily or involuntarily, directly or indirectly sold, pledged, assigned, transferred, shared, subdivided, sub-franchised, encumbered or transferred in any way (including, without limitation, in the event of the death of Franchisee if Franchisee is an individual), in whole or in part, in any manner whatsoever without the prior written approval of Franchisor and compliance with all terms of this Section 15. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and grounds for termination of this Agreement by Franchisor.

15.5 With and after each valid assignment of this Agreement pursuant to this Section 15, the assignee or assignees of Franchisee shall be deemed to be Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No stockholder in any corporation, member in any limited liability company or partner in any partnership which becomes Franchisee shall have any rights under this Agreement by reason of his, her or its stock ownership, membership interest or partnership interest.

15.6 If Franchisee shall at any time determine to sell, in whole or in part, the Massage Heights Business, Franchisee shall obtain a bona fide, executed, written offer ("Purchase Offer") for the Massage Heights Business together with all real or personal property, leasehold improvements and other assets used by Franchisee in its Massage Heights Business from a responsible, arms' length, and fully disclosed purchaser and shall submit an exact copy of such Purchase Offer to Franchisor. Franchisor will have a right of first refusal to purchase the Massage Heights Business as provided in Section 16 below.

15.7 No transfer or assignment of this Agreement will be approved by Franchisor or be effective unless and until all the following conditions are satisfied:

(a) The proposed transfer is at least one year after the Retreat first opened for business, and Franchisee is in full compliance with this Agreement and paying to Franchisor all outstanding debts or amounts owing to Franchisor and any Affiliates or suppliers of Franchisor;

(b) the transferee executing Franchisor's then-current form of franchise agreement (which, in Franchisor's sole discretion, may have terms equal to the remainder of Franchisee's initial Term, or may include a new full length Term, and which may otherwise contain provisions substantially different from those contained herein, including a higher royalty and greater required expenditures for advertising and promotion than are provided hereunder, and such other documents then customarily used by Franchisor to grant franchises, but which shall not require the payment of another Initial Franchise Fee), all other documents as may be reasonably requested by Franchisor and paying to Franchisor a transfer fee ("Transfer Fee") equal to 25% of the then-current Initial Franchise Fee, including a $1,000 non-refundable deposit at the time of transfer application with the balance due at the time of the transfer;

(c) Franchisee's execution of a general release of Franchisor, including its officers, directors, members, agents, and employees and Affiliates from such parties' obligations under the Agreement;

(d) the transferee is purchasing all of Franchisee's assets used in the Massage Heights Business in accordance with all applicable bulk sales legislation and assuming all of the liabilities of the Massage Heights Business unless such liabilities have been paid prior to the closing of the transaction of purchase and sale or unless the sale is a sale of shares in the capital stock or membership interest of Franchisee;

(e) the transferee shall be an individual, corporation, limited liability company, partnership or other business entity having adequate financial resources who shall meet all criteria established by Franchisor for franchisees. The transferee shall also complete Franchisor's then-current training program established by Franchisor for franchisees unless: (i) the transferee is a current franchisee in good standing in the System, or (ii) the transferee is or has been a Designated Retreat Director for a period of one year or more of a Massage Heights Business in good standing;

(f) Franchisee shall, at Franchisor's request, prepare and furnish to the transferee and/or Franchisor such financial reports and other data relating to the Massage Heights Business and its operations as Franchisor deems reasonably necessary or appropriate for the transferee and/or Franchisor to evaluate the Massage Heights Business and the proposed transfer. Franchisee authorizes Franchisor to confer with a proposed transferee and furnish it with information concerning the Massage Heights Business and the terms and conditions of the proposed transfer, and Franchisor may do so without any liability, except for intentional misstatements made to a transferee;

(g) the parties to the proposed transaction will have entered into a binding agreement subject only to the rights of Franchisor set out in Section 16. Franchisor shall be furnished a copy of this binding agreement, and such agreement shall be subject to Franchisor's approval in writing. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement;

(h) the proposed transferee or the stockholders, partners, members or owners of a beneficial interest in a proposed corporation, partnership, limited liability company or other entity transferee, execute Franchisor's then-current form of owner's agreement or other personal guarantees as Franchisor may request, jointly and severally guaranteeing the proposed transferee's performance of its obligations under the agreements to be entered into;

(i) the proposed transferee shall have demonstrated to Franchisor's satisfaction that it, he or she will meet in all respects Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her full time and best efforts to the operation of the Massage Heights Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided with all information about the proposed transferee as Franchisor may reasonably require. Because of the Confidential Information and Trade Secrets available to a franchisee, no assignment to a competitor of Franchisor will be permitted;

(j) the Franchisee must pay all costs of Franchisor with respect to the granting of its approval, as hereinbefore contemplated, including but not limited to all of its legal costs with respect to the preparation and execution of the above noted then-current form of Franchise Agreement, and all other documents then customarily used by Franchisor to grant franchises whether or not such transfer is accommodated;

(k) the transferee agrees to bring the Retreat up to current standards for a Massage Heights Business;

(l) Franchisee signs an agreement not to engage in a competitive business for 2 years within 15 miles of Franchisee's former Retreat or another Massage Heights Retreat; and

(m) Franchisee reimburses Franchisor, upon receipt of Franchisor's invoice, for all brokerage commissions, finder's fees, placement fees and similar charges Franchisor incurs as a result of the transfer.

15.8 Notwithstanding anything to the contrary herein contained, Franchisor shall, upon Franchisee's compliance with such requirements as may from time to time be prescribed by Franchisor (including the obtaining of all necessary approvals to the assignment of the Lease, if any, of the Retreat), consent to an assignment of Franchisee's right, title and interest in and to this Agreement, and the property and assets owned and used by Franchisee in connection therewith and any other agreement then in effect between Franchisee and Franchisor to a corporation, limited liability company or other business entity which is wholly owned and controlled by Franchisee, subject to the following (provided that such assignment shall in no way release Franchisee from any liability under this Agreement):

(a) Contemporaneously with such assignment and thereafter upon the appointment or election of any person as director, officer, partner or manager of such corporation, limited liability company or other business entity, such corporation, limited liability company, partnership or other business entity shall cause each shareholder, partner, member, manager, director(s) and officer(s) of the corporation, limited liability company, partnership or other business entity to execute a written agreement with Franchisor, personally guaranteeing full payment and performance of Franchisee's obligations to Franchisor and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement or any new current form of Franchise Agreement and jointly and severally liable;

(b) No shares or membership interests in the capital of such corporation, limited liability company, partnership or other business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or membership interests or offer or attempt to do so or permit the same to be done without Franchisor's prior written consent;

(c) The corporation, limited liability company, partnership or other business entity shall maintain stop transfer instructions against the transfer of shares or membership interests on its records subject to the restrictions of this Section and shall have all outstanding shares or membership interest certificates endorsed with the following legend printed conspicuously upon the face of each share or certificate:

> "The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement with Massage Heights Franchising, LLC Reference is made to said Franchise Agreement and to the restrictive provisions of the articles of this corporation."

(d) The articles of incorporation, articles of organization, operating agreement, partnership agreement, shareholder agreement, and by-laws of the corporation, limited liability company, partnership or other business entity shall provide that its objectives or business is confined exclusively to the operation of the Massage Heights Business as provided for in this

Agreement, and recite that the issuance and transfer of any shares, membership interest, partnership interest or other interest is restricted by the terms of this Agreement, and copies thereof shall be furnished to Franchisor upon request;

(e) Franchisor's consent to a transfer of any interest subject to the restrictions of this Section shall not constitute a waiver of any claim it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the assignee;

(f) The corporation, partnership, limited liability company or other business entity shall advise Franchisor and keep Franchisor current as to the names and addresses of the directors, officers, members, partners and shareholder of and those persons financially involved in the corporation, partnership, limited liability company or other business entity; and

(g) Franchisee agrees to devote its full time and best efforts to manage the day-to-day operations of the Massage Heights Business unless it has an operational partner or Designated Retreat Director.

15.9 Upon the death or permanent disability of an individual Franchisee (or the controlling shareholder, member or partner if Franchisee is a legal entity), the personal representative of such person shall transfer all right, title and interest in this Agreement or such interest in Franchisee to any approved third party, which may include an heir or legatee that otherwise satisfies Franchisor's then-current standards and qualifications for new Franchisee. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance, provided such transfer is in accordance with the requirements of this Section 15.9) shall be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability (unless extended by probate proceedings), and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Franchisor shall have the right, in Franchisor's sole discretion, to operate the Retreat or to appoint a representative or designee to operate the Retreat, for a period of up to 180 days, or until such time as Franchisee's interest shall have been transferred to an approved third party, whichever occurs first. Franchisor or the appointed representative shall be entitled to retain all revenues, and shall pay all operating expenses from the operation of the Retreat, without the right to seek or require reimbursement by Franchisee's estate or personal representative, during the period of operation of the Retreat. Failure to transfer the interest in this Agreement or such interest in Franchisee within said period of time shall constitute a breach of this Agreement and shall entitle Franchisor to terminate this Agreement without further notice or the opportunity to cure. For purposes hereof, the term "Permanent Disability" shall mean a mental or physical disability, impairment or condition that prevent Franchisee or Franchisee's controlling shareholder, member or partner from performing the essential functions of Franchisee.

15.10 Franchisee shall grant no security interest in any of the assets of the Massage Heights Business unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and the option to be substituted as obligor to the secured party and to cure any default of Franchisee, except that any acceleration of indebtedness due to Franchisee's default shall be void.

15.11 Franchisee shall not have the right to grant a subfranchise.

16. OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL

16.1 Unless otherwise explicitly provided by this Agreement, Franchisor shall be entitled to exercise the rights provided in this Section immediately upon:

(a) The expiration without extension of Franchisee's rights to operate the Massage Heights Business or the termination for any reason of the License or this Agreement;

(b) Any breach, default or other event that gives Franchisor the right to terminate the License or this Agreement, after expiration of any applicable notice and cure period; or

(c) The receipt by Franchisor of a copy of a Purchase Offer.

16.2 Upon any event described in Subsection 16.1, Franchisor shall have the option to purchase all of Franchisee's rights, title and interest in the entity doing business as a Massage Heights Business, and its assets, including, but not limited to, all inventory, improvements, furniture, fixtures, equipment and products. Franchisor's right to purchase is assignable.

16.3 The purchase price for assets upon the occurrence of the events in Subsection 16.1(a) and 16.1(b) will be the fair market value of such assets. The fair market value shall be determined by a mutually agreed upon appraiser. If the Franchisor and Franchisee cannot agree on an appraiser within ten business days after the notice of a purchase offer has been delivered, Franchisor and Franchisee shall each have the right to appoint one appraiser, and the two appraisers so appointed shall then agree upon a third appraiser ("Appointed Appraiser") to be appointed. The Appointed Appraiser shall then determine the fair market value. The purchase price for assets upon the occurrence of the event in Subsection 16.1(c) shall be equal to the Purchase Offer price.

16.4 If Franchisor elects to exercise any option to purchase provided in this Section 16, Franchisor will have the right to set off all amounts due from Franchisee under the Franchise Agreement or any other agreements between the parties, any commissions or fees payable to any broker, agent or other intermediary and the cost of the appraisal, if any, against any payment. Franchisor shall also have the right to substitute cash for any other form of consideration specified in the Purchase Offer or to pay in full the entire purchase price at the time of closing.

16.5 Franchisor will notify Franchisee of its intention to exercise or not exercise its rights to purchase ("Notice of Intent") within 30 days following an event described in Subsection 16.1(a) or (b) or within 15 days following an event described in Subsection 16.1(c). The Notice of Intent will specify the assets to be purchased, and if applicable, the fair market value as determined by mutually agreed upon appraiser, of Appointed Appraiser, if any. If Franchisor declines to exercise its rights under this Section within the 15 or 30 day period described above, as applicable, Franchisee may thereafter sell or dispose of the Massage Heights Business to the third party identified in the Purchase Offer in the event of a sale under Subsection 16.1(c), but not at a lower price nor on more favorable terms than set forth in the Purchase Offer, if any, or the Notice of Intent and subject to the prior written permission of Franchisor and satisfaction of the other conditions to assignment set forth in Section 15. If the sale to such third party purchaser is not completed within 90 days after Franchisor delivers the Notice of Intent to Franchisee, Franchisor shall again have the right of first refusal provided in this Agreement.

16.6 If Franchisor provides Franchisee with its Notice of Intent to exercise its rights under this Section 16, the purchase and sale contemplated in this Section shall be consummated as soon as possible. In the event Franchisor is purchasing the assets pursuant to Subsections 16.1(a) or (b), following the delivery of a Notice of Intent as specified in Subsection 16.5, Franchisor or Franchisor's designee shall have the immediate right to take possession of the Massage Heights Business and to carry on and develop the Massage Heights Business for the exclusive benefit of Franchisor or its designee.

17. DEFAULT AND TERMINATION

17.1 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement and all rights granted Franchisee hereunder (subject to the provisions of applicable state law governing franchise termination and renewal), effective upon receipt of notice by Franchisee, addressed as provided in Section 19, upon the occurrence of any of the following events:

(a) Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of Franchisor's Brand Standards Manual, Confidential Information or Trade Secrets of Franchisor;

(b) Franchisee voluntarily abandons the Massage Heights Business for a period of 5 consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the Massage Heights Business, unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee;

(c) Franchisee becomes insolvent or is adjudicated bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee;

(d) Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond or other appeal bond has been filed); or if execution is levied against Franchisee's Massage Heights Business or any of the property used in the operation of the Massage Heights Business and is not discharged within five days; or if the real or personal property of Franchisee's Massage Heights Business shall be sold after levy thereupon by any sheriff, marshal or constable;

(e) Franchisee, the Designated Retreat Director, or any owner of greater than 10% of the Franchisee entity is charged or convicted of any felony charge, or a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof;

(f) Franchisee fails to pay any amounts due Franchisor or its Affiliates or approved suppliers within ten days after receiving notice that such fees or amounts are overdue;

(g) Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within five days after notification from Franchisor;

(h) Franchisee has received 3 notices of default with respect to Franchisee's obligations hereunder from Franchisor within a 12-month period, regardless of whether the defaults were cured by Franchisee;

(i) Franchisee sells, transfers or otherwise assigns the Massage Heights Business, an interest in the Massage Heights Business or Franchisee entity, this Agreement, or a substantial portion of the assets of the Massage Heights Business owned by Franchisee without complying with the provisions of Section 15;

(j) Franchisee submits on two or more occasions during the Term a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenue by more than 2%, unless Franchisee demonstrates that such understatement resulted from inadvertent error;

(k) Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than five days late on two or more occasions during the Term or any Successor Term unless due to circumstances beyond the control of Franchisee;

(l) Franchisee sells or offers for sale any unauthorized merchandise, product or service or engages in any unauthorized business or under the Marks or under a name or mark which is confusingly similar to the Marks;

(m) Franchisee contests in any court or proceeding the validity of or Franchisor's ownership of the Marks or copyrighted materials;

(n) Franchisee is a corporation, limited liability company, partnership or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without Franchisor's prior written consent;

(o) Franchisee fails to successfully complete Franchisor's training or re-training course(s);

(p) Franchisee receives from Franchisor during the Term three or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by Franchisee;

(q) Any misrepresentation under Section 1.9 or any violation of Anti-Terrorism Laws by Franchisee, its Designated Retreat Director, its owners, officers, directors, managers, members, partners, agents or employees;

(r) Franchisee fails to cure any health, safety or sanitation law violation within three days after receiving notice of such violation by Franchisor or any governmental agency or organization; or

(s) Franchisee and Franchisor cannot agree on an acceptable location according to the time frame set forth in Section 8.2.

17.2 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30 day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30 day period. Defaults shall include, but not be limited to, the following:

(a) Franchisee fails to maintain the then-current operating procedures and standards established by Franchisor as set forth herein or in the Brand Standards Manual or otherwise communicated to Franchisee;

(b) Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

(c) Franchisee, or any partnership, joint venture, limited liability company, corporation or other business entity in which Franchisee has a controlling equity interest or which has a controlling equity interest in Franchisee, defaults under any term of the Lease of the Retreat or any other premises used by Franchisee to operate the Massage Heights Business, any other franchise agreement with Franchisor or any other agreement material to the Massage Heights Business and such default is not cured within the time specified in such Lease, other franchise agreement or other agreement;

(d) Franchisee fails, refuses or neglects to submit a statement of monthly revenues accompanying the Royalty or Brand Fund Contributions or any other report required under the Agreement when due;

(e) Franchisee fails, refuses or neglects to accurately report Gross Revenues, sales information or other information required by Franchisor to be reported; or

(f) Franchisee fails to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within 10 days (or 30 days if this is the first non-compliance or breach) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee.

(g) If Franchisee violates any term of Section 17.1 or this Section 17.2 and fails to timely cure such violation, Franchisor will have the right, upon written notice to Franchisee, to impose a separate default fee, which will be deposited into the Brand Fund, of $500 ("Default Fee"). The Default Fee will be paid in addition to, in the same manner, and at the same time as the Royalty. Each Default Fee is in addition to any other rights and/or remedies that Franchisor may have including, without limitation, any termination rights.

17.3 Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than 30 additional days.

17.4 If Franchisee is not in default of this Agreement, and Franchisor is in material breach and fails to cure that breach within 30 days of receiving written notice of the material breach from Franchisee, Franchisee shall have the right to terminate this Agreement. Any other termination of this Agreement by Franchisee shall be deemed to be a termination without cause, and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

17.5 No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of

Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

17.6 Franchisee agrees to pay within five days of the effective date of termination or expiration of the Franchise Agreement all fees owed to Franchisor and all fees incurred by Franchisor during termination or expiration (including attorney fees, accounting fees and professional fees), and any other amounts owed to Franchisor, the lessor of the Retreat or other premises used in the Massage Heights Business (if applicable) and Franchisee's trade and other creditors which are then unpaid. Upon termination or expiration of the Franchise Agreement, Franchisee must satisfy all of its debts and liabilities associated with customers of its Massage Heights Business, including but not limited to, outstanding pre-paid services and gift cards, and Franchisee must provide Franchisor with access to debit Franchisee's bank account until such debts and liabilities have been fully satisfied. Additionally, if terminated, Franchisee agrees to pay within five days of the effective date of termination of the Franchise Agreement 50% of the then current Initial Franchise Fee.

17.7 All royalty and advertising contributions, all amounts due for goods purchased by Franchisee from time to time from Franchisor or its Affiliates, and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the daily equivalent of the lower of: (i) 18% per annum; or (ii) the highest rate permitted by law, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

17.8 Should Franchisee, or any partnership or joint venture or corporation in which Franchisee has a controlling equity interest, be a franchisee pursuant to another Franchise Agreement with Franchisor, respecting another franchised Massage Heights Business using the Marks, a default under this Agreement shall constitute a default under such other Franchise Agreement and vice versa, with like remedies available to Franchisor. Should such other Franchise Agreement cease to be valid, binding and in full force and effect for any reason then Franchisor may, at its option, terminate this Agreement and this Agreement shall be forthwith surrendered by Franchisee and terminated. In the event that there is more than one Franchisee, or if Franchisee should consist of more than one legal entity, Franchisee's liability hereunder shall be both joint and several. A breach hereof by one such entity or Franchisee shall be deemed to be a breach by both or all.

17.9 Franchisee agrees that upon termination or expiration of this Agreement, it shall take the following action:

(a) Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings, websites, facsimile numbers, email addresses, the Brand Standards Manual, and all materials, Products and Services of any kind which are identified or associated with the System and return all these materials and Products to Franchisor;

(b) Immediately turn over to Franchisor all materials, including the Brand Standards Manual, customer lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information, Trade Secrets and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Massage Heights Business (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any printed or electronic copies of the Brand Standards Manual, customer lists, Confidential Information or Trade Secrets or portions thereof upon expiration or termination of this Agreement;

(c) Franchisee acknowledges that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively "Identifiers") used in the operation of Franchisee's Massage Heights Business constitute Franchisor's assets, and upon termination or expiration of this Agreement, Franchisee will take such action within five days to cancel or assign to Franchisor or Franchisor's designee as determined by Franchisor, all of Franchisee's right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at Franchisor's direction. Franchisee agrees to take all action required to cancel all assumed name or equivalent registrations related to Franchisee's use of the Marks. Franchisee acknowledges that, Franchisor has the sole rights to, and interest in, all Identifiers used by Franchisee to promote Franchisee's Massage Heights Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints Franchisor to direct the telephone company, postal service, registrar, Internet service provider, listing agency, website operator, or any other third party to transfer such Identifiers to Franchisor or Franchisor's designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by Franchisor pursuant to this Franchise Agreement as conclusive evidence of Franchisor's rights to the Identifiers and Franchisor's authority to direct their transfer.

(d) Make no representation nor state that Franchisee is in any way approved, endorsed or licensed by Franchisor or associated or identified with Franchisor or the System in any manner;

(e) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System;

(f) Franchisee shall, at Franchisor's option, immediately assign to Franchisor any interest in which Franchisee has in any Lease for the Retreat. In the event Franchisor does not elect to exercise its option to acquire the Lease for the Retreat, then, to the extent, if any, Franchisee is permitted to conduct any business at the Retreat pursuant to the terms of this Agreement or a separate written agreement with Franchisor, and acknowledging the distinctiveness of Franchisor's interior design and décor, Franchisee shall make such modifications or alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of such premises from that of other massage facilities operating under the System and Marks, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 17.9(f), Franchisor shall have the right to enter the Retreat without being guilty of trespass or any other tort, for the purposes of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand;

(g) Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in

and to the Marks, and further agrees not to use any designation of origin, description, representation, trademark, or trade name which suggests or represents a past or present association or connection with Franchisor, the System or the Marks;

(h) Provide Franchisor the option to purchase as set forth in Section 16;

(i) Comply with the provisions of Subsections 10.1(c) and (d) and Section 14; and

(j) Franchisee must follow any procedures established by Franchisor to ensure the expiration of this Agreement or any successor term thereof creates the least disruption possible to the Franchise System, including those procedures set forth in the confidential Brand Standards Manual.

17.10 If, within 30 days after termination or expiration of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the Massage Heights Business, which are identified or associated with the System, Franchisor may enter the Massage Heights Business to effect removal. In this event, Franchisor will not be charged with trespass, any other tort, nor be accountable or required to pay for any displays or materials.

17.11 If, within 30 days after termination or expiration of this Agreement, Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

17.12 Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether such claims or rights arise before or after termination or expiration.

17.13 All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Sections 10, 12, 14 and 16, hereof shall survive termination or expiration of this Agreement.

17.14 In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("Loan") or the holder of any promissory note ("Note") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("Security Interest") from Franchisee concerning assets used at any time by Franchisee in the Massage Heights Business or which are situated on the Massage Heights Business premises, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

17.15 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

17.16 In the event of termination of the Agreement for any reason whatsoever the parties shall accept the default remedies contained herein as full and final satisfaction of all claims. The parties waive,

to the extent permitted by law, any claim against the other for punitive or exemplary damages; except for such punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, unauthorized dissemination of the Confidential Information or Trade Secrets or arising under the indemnification set out in Section 12.

17.17 The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

17.18 Nothing herein shall prevent Franchisor or Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If it is necessary for Franchisor to seek preliminary or permanent injunctive relief, Franchisor may do so without a bond.

17.19 THE PARTIES ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

17.20 To secure Franchisee's performance under this Agreement and indebtedness for all obligations owed and sums due to Franchisor or its affiliates, Franchisor shall have a lien upon, and Franchisee hereby grants to Franchisor a security interest in, the following collateral and any and all attachments, accessories, additions, accessions, and substitutions to or for it and the cash and non-cash proceeds derived from insurance or the disposition of such collateral: (a) all inventory, equipment, furniture, furnishings, fixtures, and supplies now leased, owned or after-acquired by Franchisee and the Massage Heights Business, including but not limited to all inventory, equipment, furniture, furnishings, fixtures, and supplies transferred to or acquired by Franchisee in connection with this Agreement; (b) all accounts of Franchisee and/or the Massage Heights Business now existing or subsequently arising, together with all interest in Franchisee and/or the Massage Heights Business, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of Franchisee and/or the Massage Heights Business, now existing or subsequently arising; (d) all general intangibles of Franchisee and/or the Massage Heights Business, now owned or existing, or after-acquired or subsequently arising; (e) all of Franchisee's and/or the Massage Heights Business interests in the real estate where the Massage Heights Business is located; and (f) all improvements to any real estate associated with the Massage Heights Business. Franchisee hereby authorizes Franchisor to file and record financing statements, financing statement amendments, continuation financing statements, fixture filings and other documents that Franchisor deems necessary to evidence, perfect and continue the priority of security interests in and to these assets. Franchisee also agrees to execute and deliver any such documents to Franchisor upon its request.

17.21 Franchisor has the right (but not the obligation), under the circumstances described below, to enter the Premises and assume the Massage Heights Business management (or to appoint a third party to assume its management) for up to 90 consecutive days at a time. If Franchisor (or a third party) assumes the Massage Heights Business management, Franchisee agrees to pay Franchisor (in addition to the Royalty and Brand Fund Contributions and other amounts due to Franchisor or its affiliates) an amount equal $200 per day that Franchisor or a third party manages the Massage Heights Business, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses. If Franchisor (or a third party) assumes the Massage Heights Business management, Franchisee acknowledges that Franchisor (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or Franchisee's owners for any debts, losses, or obligations the Massage Heights Business incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Massage Heights

Business purchases, while Franchisor (or the third party) manages it. Franchisor (or a third party) may assume the Massage Heights Business management under the following circumstances: (1) if Franchisee abandons or fails to actively operate the Massage Heights Business; (2) if Franchisee fails to comply with any provision of this Franchise and does not cure the failure within the time period specified by the Franchise Agreement or Franchisor; or (3) if this Franchise Agreement is terminated and Franchisor is deciding whether to exercise the option to purchase the Franchisee's interests in Massage Heights Business under Section 16. If Franchisor exercises its rights under this Section, it will not affect Franchisor's right to terminate this Agreement under Section 17.

18. CONDEMNATION AND CASUALTY

18.1 Franchisee shall promptly advise Franchisor upon Franchisee's receipt of a notice of default or termination under Franchisee's Lease or mortgage, and shall promptly provide Franchisor a copy of the notice. Franchisee shall also give Franchisor notice of any proposed taking of the Retreat or any portion thereof through the exercise of the power of eminent domain at the earliest possible time. If the Retreat or a substantial part thereof is to be taken, the Massage Heights Business may be relocated within the Territory specified in Attachment A, or elsewhere with Franchisor's written approval in accordance with Franchisor's relocation procedures set forth in the Brand Standards Manual. If Franchisee opens a new business as provided above at another location in accordance with Franchisor's standards and general specifications within one year of the closing of the old Retreat, the new Massage Heights Business shall be deemed to be the Massage Heights Business licensed under this Agreement. If a condemnation, Lease termination or mortgage default takes place and a new Massage Heights Business does not, for any reason, become the Massage Heights Business as provided in this Section 18.1, then the License shall terminate upon notice by Franchisor.

18.2 If the Retreat is damaged for any reason, Franchisee shall expeditiously repair the damage. If the damage or repair requires closing the Massage Heights Business, Franchisee shall immediately notify Franchisor in writing, and shall:

(a) Relocate the Massage Heights Business as provided in Section 18.1; or

(b) Repair or rebuild the Massage Heights Business at the Retreat in accordance with Franchisor's then existing standards and general specifications, and reopen the Massage Heights Business for continuous business operations as soon as practicable (but in any event within 12 months after closing the Massage Heights Business at the Retreat), giving Franchisor 30 days advance notice of the date of reopening;

(c) If the Massage Heights Business is not (or, in the opinion of Franchisor cannot be) reopened in accordance with this Section 18.2, or relocated pursuant to Section 18.1, the License shall terminate upon notice to Franchisee.

18.3 The Term will not be extended by any interruption in the Massage Heights Business's operations, except for an act of God that results in the Massage Heights Business being closed not less than 60 days nor more than 180 days. Franchisee must apply for any extension within 30 days following the reopening of the Massage Heights Business. No event during the Term will excuse Franchisee from paying Royalty or Brand Fund Contributions as provided in this Agreement.

19. NOTICES

19.1 Any notice, request, demand, approval, consent or other communication which the parties hereto may be required or permitted to be given hereunder shall be in writing and may be given to the

party for whom it is intended by personal delivery, Franchisee's designated Massage Heights email account, or another email provided that the recipient acknowledges receipt of such electronic mail, facsimile transmission or delivering it to such party by mailing it by certified mail, or by recognized overnight delivery or courier services, in the case of Franchisor to:

To Franchisor:

Massage Heights Franchising, LLC
ATTN: Legal Department
13750 US Hwy 281 North, Suite 230
San Antonio, TX 78232

To Franchisee:

The Address set forth in Attachment A

Any such notice or other document delivered personally, by email, or by facsimile transmission shall be deemed to have been received by and given to the addressee on the day of delivery and any such other notice or other document mailed as aforesaid, shall be deemed to have been received by and given to the addressee at the earlier of the date of actual receipt of such notice or the third business day following the date of mailing, and any delivery made by recognized overnight delivery or courier services shall be deemed to be delivered the next business day. Any party may at any time give notice in writing to any other party of any change of address.

20. DISPUTE RESOLUTION

20.1 All claims or disputes between Franchisee and Franchisor or its Affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation prior to a hearing in binding arbitration or a trial court proceeding. Such mediation shall take place in Bexar County, Texas (or the county of Franchisor's then-current headquarters) under the auspices of the Judicial Arbitration and Mediation Service ("JAMS"), in accordance with JAMS' Commercial Mediation Rules then in effect. Franchisee may not commence any action against Franchisor or Franchisor's Affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by JAMS and the mediator's fees. Franchisor reserves the right to specifically enforce its right to mediation. Prior to mediation, and before commencing any legal action against Franchisor or Franchisor's Affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies in detail, the precise nature and grounds of such claim or dispute. Franchisor shall not be required to first attempt to mediate a controversy, dispute or claim against Franchisee through mediation as set forth in this Section 20.1 if such controversy, dispute or claim concerns an allegation by Franchisor that Franchisee has violated (or threaten to violate, or pose an imminent risk of violating): (a) any of Franchisor's federally protected intellectual property rights in the Marks, the System, or in any of Franchisor's trade secrets or confidential information; (b) any claims pertaining to or arising out of any warranty issued; or (c) any of the restrictive covenants contained in this Agreement.

20.2 The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation or mediation pursuant to Section 20.1. Franchisor will provide a procedure for

internal dispute resolution as set forth in the Brand Standards Manual, and the parties acknowledge and agree that this procedure may be revised periodically in Franchisor's discretion.

20.3 To protect from violations that would cause immediate loss and damages or irreparable harm, Franchisor and Franchisee shall each have the right to seek from a state or federal court located in Bexar County, Texas:

(a) injunctive relief and any related incidental damages;

(b) an action for disputes or claims related to or based on the Marks or the restrictive covenants; and

(c) issues related to the disclosure of or misuse of Confidential Information or Trade Secrets.

20.4 Except as otherwise provided in this Section, including the mediation requirement of Section 20.1 and the exemptions under 20.3, any controversy or dispute arising out of, or relating to the Franchise or this Agreement including, but not limited to, any claim by Franchisee or any Persons in Privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, or termination of, this Agreement or any other agreement entered into by Franchisor, or its subsidiaries or Affiliates, and Franchisee; any claim against a past or present employee, officer, director, member, shareholder or agent of Franchisor; any claim of breach of this Agreement; and any claims arising under State or Federal laws, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. "Persons in Privity" with or claiming through, on behalf of or in the right of Franchisee include but are not limited to, spouses and other family members, domestic partners, heirs, executors, representatives, successors and assigns. Subject to this Section, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules (in effect as of the date the demand for arbitration is filed) of, and under the auspices of, the American Arbitration Association. If the American Arbitration Association or any successor is no longer in existence at the time arbitration is commenced, the parties will agree on another arbitration organization to conduct the arbitration proceeding. The arbitration, which shall be held before a single arbitrator, shall be held in the San Antonio, Texas office of the American Arbitration Association, or at such other location as shall be mutually agreed upon by the parties in writing**.** However, arbitration will not be required to be used for any dispute which involves the type of disputes identified in Section 20.3. The parties expressly consent to personal jurisdiction in the State of Texas and agree that such court(s) will have exclusive jurisdiction over any determination of the "Prevailing Party" in accordance with such issues not subject to arbitration.

20.5 A single arbitrator shall be selected by the parties from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. Subject to the provisions contained in Section 21.3, the parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such court and to the propriety of venue of such court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

20.6 Parties to arbitration under this Agreement shall not include, by consolidation, joinder or in any other manner, any person other than Franchisee and any Person in Privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee or any Person in Privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor.

20.7 The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between Franchisor and Franchisee and no other franchisees or area developers or area representatives, if any. Franchisee agrees not to join or attempt to join other franchisees, area developers, or area representatives (if any), or other third-parties in any arbitration proceeding and to refrain from participating in any "Class Action" litigation or arbitration proposed or asserted by one or more other franchisees.

20.8 Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

21. MISCELLANEOUS

21.1 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other applicable federal law, this Agreement shall be interpreted under the laws of the State of Texas, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Texas, which laws shall prevail in the event of any conflict of law; provided, however, the parties expressly agree that this Agreement is not intended to confer on any Franchisee that is not a resident of the State of Texas the benefit of any Texas law providing specific protection to franchisees residing or operating in the State of Texas. **FRANCHISEE AND FRANCHISOR HAVE NEGOTIATED REGARDING A FORUM IN WHICH TO RESOLVE ANY DISPUTES WHICH MAY ARISE BETWEEN THEM AND HAVE AGREED TO SELECT A FORUM IN ORDER TO PROMOTE STABILITY IN THEIR RELATIONSHIP. THEREFORE, IF A CLAIM IS ASSERTED IN ANY LEGAL PROCEEDING INVOLVING FRANCHISEE, ITS OFFICERS, DIRECTORS, MANAGERS, MEMBERS, OR PARTNERS AND FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, MANAGERS, MEMBERS, EMPLOYEES OR AFFILIATES, BOTH PARTIES AGREE THAT THE EXCLUSIVE VENUE FOR DISPUTES BETWEEN THEM SHALL BE IN THE STATE OF TEXAS AND EACH WAIVE ANY OBJECTION EITHER MAY HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN THE STATE OF TEXAS. FRANCHISEE IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND WAIVES ANY OBJECTION FRANCHISEE MAY HAVE TO EITHER THE JURISDICTION OR VENUE IN SUCH COURT.**

21.2 All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; all partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

21.3 If either party institutes a legal proceeding, including a permitted court proceeding or arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the

losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses in connection with any action at law.

21.4 No failure, forbearance, neglect or delay of any kind on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by Franchisee or Franchisor's other franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon Franchisee or Franchisor or effective unless in writing signed by Franchisee and an officer of the Franchisor, except that a waiver need be signed only by the party waiving.

21.5 If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, Franchisee agrees that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations under this Agreement that may affect favorably or adversely the Franchisee's interests; (ii) Franchisor will use our judgment in exercising the discretion based on Franchisor's assessment of Franchisor's own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering the Franchisee's individual interests or the individual interests of any other particular franchisee; (iii) Franchisor will have no liability to Franchisee for the exercise of the Franchisor's discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

21.6 This Agreement, together with the Brand Standards Manual, any written related agreements, all Exhibits, Attachments, and the State Addenda attached to the Disclosure Document as Exhibit G, constitutes the entire understanding and agreement between Franchisee and Franchisor and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, the License, the System or the Massage Heights Business. However, nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document.

21.7 The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of the sections of such Sections or other Sections. The term "Franchisee" as used herein is applicable to one or more persons, a corporation, limited liability company, a partnership or other business entity, as the case may be, and the singular usage (where applicable) includes the plural and the masculine and neuter usages (where applicable) include the other and the feminine. The term "Lease" shall include a sublease, and a renewal or extension of a lease or sublease.

21.8 When calculating the date upon which or the time within which any act is to be done pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded if the last day of such period is a non-business day, or the period in question shall end on the next business day. Time shall be of the essence of this Agreement and of every part thereof.

21.9 Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, terrorist attacks, embargoes and civil commotion, or acts of God ("Force Majeure Event"). Any such delay shall extend performance only so long as such event is in progress except such Force Majeure Event will not affect or change Franchisee's obligation to pay Royalty and Brand Fund Contributions when due. Notwithstanding the foregoing, if there is a Force Majeure Event, Franchisor may, in its sole discretion, elect to waive the Royalty and Brand Fund Contributions during the period of delay caused by the Force Majeure Event or such shorter period.

21.10 Franchisee shall execute and deliver such further instruments, contracts, forms and other documents, and shall perform such further acts, as may be necessary or desirable, to carry out, complete and perform all terms, covenants and obligations herein contained. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact, which appointment is coupled with an interest, and hereby empowers Franchisor to execute such instruments regarding the Marks for and in Franchisee's name in order to give full effect to Sections 10, 12, 15, and 17 of this Agreement. Franchisee hereby declares that the power of attorney herein granted may be exercised during any subsequent legal incapacity on its part.

21.11 This Agreement shall be binding upon, and subject to Section 15 hereof, shall inure to the benefit of, Franchisor's and Franchisee's successors and permitted assigns.

21.12 This Agreement may only be modified or amended by a written document executed by Franchisee and Franchisor. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Brand Standards Manual unilaterally under any conditions and to the extent in which Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the Marks, and the quality of the System, but under no circumstances will such modifications be made arbitrarily without such determination. Notwithstanding anything herein to the contrary, Franchisor shall have the right unilaterally to reduce the scope of any covenants of Franchisee contained in this Agreement upon notice to Franchisee, whereupon Franchisee shall comply therewith as so modified.

21.13 Franchisee agrees that Franchisor shall have the right to delegate to third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor has contracted (1) the performance of any portion or all of Franchisor's obligations under this Agreement, and (2) any right that Franchisor has under this Agreement. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement.

22. ACKNOWLEDGEMENT

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT:

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT, OR ADDENDA, IF APPLICABLE, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT, AND

2. FRANCHISEE HAD A COMPLETE COPY OF THIS AGREEMENT, WITH ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN FIVE FULL BUSINESS DAYS, DURING WHICH TIME FRANCHISEE HAD THE OPPORTUNITY TO

SUBMIT THE SAME FOR PROFESSIONAL REVIEW AND ADVICE OF FRANCHISEE'S CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE FRANCHISOR'S MASSAGE HEIGHTS BUSINESS AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE; AND

3. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE MASSAGE HEIGHTS BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT AND ITS SUCCESS INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE MASSAGE HEIGHTS BUSINESS. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE MASSAGE HEIGHTS BUSINESS VENTURE; AND

4. FRANCHISOR HAS NOT PROVIDED ANY STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION OF ACTUAL, AVERAGE, PROJECTED, FORECASTED OR POTENTIAL PURCHASES, SALE, COST, EARNINGS, INCOME OR PROFITS TO FRANCHISEE; AND

5. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY ASSURANCE, WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, EARNINGS OR SUCCESS OF THE MASSAGE HEIGHTS BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon Franchisor when executed or initialed by Franchisor's authorized representative.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Effective Date.

FRANCHISOR:

MASSAGE HEIGHTS FRANCHISING, LLC

By: _____
Shane L. Evans, President

FRANCHISEE:

_____
Entity name (if any)

By: _____

Title: _____

ATTACHMENT A

FRANCHISE DATA SHEET

1. **Effective Date.** The "Effective Date" set forth in the introductory paragraph of the Agreement is _____, 20___.

2. **Franchisee.** The "Franchisee" set forth in the introductory paragraph of the Agreement is: _____.

3. **Notice Address.** The address for notices to Franchisee set forth in Section 19 of the Franchise Agreement shall be the following:

_____
_____
_____
_____

4. **Territory.** The Territory set forth in Section 4.1 of the Agreement shall be the geographic area described below:

a one-and-a-half (1.5) mile radius around the site known as
Massage Heights _____
located at _____

5. **Initial Franchise Fee.** Franchisee shall pay to Franchisor an Initial Franchise Fee equal to _____ Thousand Dollars ($___,000.00) plus, if applicable, all federal, state or municipal taxes due and payable at the time of execution of the Agreement.

FRANCHISOR:

MASSAGE HEIGHTS FRANCHISING, LLC

By: _____
Shane L. Evans, President

FRANCHISEE:

_____

By: _____
_____, _____

By: _____
_____, _____

ATTACHMENT B

OWNERS AGREEMENT

As a condition to the granting by Massage Heights Franchising, LLC ("we" or "us"), of a Franchise Agreement with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a beneficial interest, whether direct or indirect, in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20___ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners' Role. Owners are the beneficial owners of all of the equity interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

3. Covenants Not to Compete and Not to Solicit.

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further,

we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Massage Heights Franchising, LLC
ATTN: Legal Department
13750 US Hwy 281 North, Suite 230
San Antonio, Texas 78232

The current address of each Owner for all communications under this Owners Agreement is designated in **Attachment A** of the Franchise Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisee" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

[Insert Name and Address of Owner]	[Insert Name of Spouse]
[Insert Name and Address of Owner]	[Insert Name of Spouse]
[Insert Name and Address of Owner]	[Insert Name of Spouse]
[Insert Name and Address of Owner]	[Insert Name of Spouse]

MASSAGE HEIGHTS FRANCHISING, LLC hereby accepts the Owner(s)' agreements hereunder.

By: _____
Shane L. Evans, President

ATTACHMENT C

STATEMENT OF OWNERSHIP

Franchisee: ***

Trade Name (if different from above):

Form of Ownership (Check One):

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: ***

Management (managers, officers, board of directors, etc.):

Name	Title	Name	Title
***	***	***	***

Members, Stockholders, Partners:

Name	Address	Percentage of Ownership
***	***	***
***	***	***

Franchisee acknowledges that this Statement of Ownership applies to the Massage Heights Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

FRANCHISEE:

***, a ***

Date: _____

By: _____
***, ***

PILOT RETREAT ADDENDUM

This Pilot Retreat Addendum ("**Addendum**") to the Franchise Agreement is made and entered into this ____ day of ____, 20__, by and between **Massage Heights Franchising, LLC** ("**Franchisor**"), and **_____ (“Franchisee”)**.

BACKGROUND

A. Franchisor and Franchisee are parties to an area representative agreement of even date herewith ("**Area Representative Agreement**"), pursuant to which Franchisee is purchasing a Massage Heights Area Representative Business.

B. The Area Representative Agreement requires Franchisee to purchase one Massage Heights Business to operate as a pilot retreat ("**Pilot Retreat**") and accordingly, Franchisor and Franchisee are also parties to a franchise agreement of even date herewith ("**Franchise Agreement**"), pursuant to which Franchisee is purchasing a Massage Heights Business to operate as its Pilot Retreat.

C. Franchisor and Franchisee desire to amend the Franchise Agreement to modify certain provisions related to a Pilot Retreat.

D. Capitalized terms not defined in this Addendum shall have the meanings set forth in the Franchise Agreement and Area Representative Agreement.

AGREEMENT

The parties agree as follows:

1. **TERRITORY**. The first paragraph of Section 4.2 is hereby deleted in its entirety and replaced with the following:

> "Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others (and Franchisor is not obligated to pay Franchisee if Franchisor exercises any of the rights specified in this Section within Franchisee's Territory, except as provided below):"

2. **TERRITORY**. The following is added to the end of Section 4.2:

> "In the event Franchisee and Franchisor are also parties to an area representative agreement ("**Area Representative Agreement**") and Franchisee's Massage Heights Business is located within the Development Territory (as defined in the Area Representative Agreement), if Franchisee is in compliance with its Area Representative Agreement and Franchisor solicits the sale of a Massage Heights franchise within Franchisee's Territory pursuant to Subsection 4.2(h) above during the term of the Area Representative Agreement (whether directly or indirectly through a third party broker, franchise sales company, in-house commissioned salesperson or lead generation service),

Franchisor will still pay Franchisee its area representative commission equal to 50% of the net initial franchise fee that Franchisor collects from that sale. Similarly, if Franchisee is in compliance with its Area Representative Agreement and Franchisor services a Massage Heights franchisee within Franchisee's Territory during the term of the Area Representative Agreement, Franchisor will still pay Franchisee its 40% AR Royalty Share (as defined in the Area Representative Agreement)."

3. **FRANCHISE DATA SHEET**. Section 5 of Attachment A is hereby deleted in its entirety and replaced with the following:

"Initial Franchise Fee. Franchisee's Initial Franchise Fee for the Massage Heights Business is included in Franchisee's Development Fee (as defined in the Area Representative Agreement) paid to Franchisor pursuant to Franchisee's Area Representative Agreement."

4. **ENTIRE AGREEMENT**. This Addendum constitutes the entire and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes any and all prior agreements. No amendment, change, or variance from this Addendum shall be binding on either party unless mutually agreed to in a writing signed by both parties. This Addendum forms an integral part of the Franchise Agreement. The terms of this Addendum shall control if they conflict with the terms of the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

5. **SUCCESSORS**. This Addendum will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

6. **FURTHER ASSISTANCE**. Each of the parties will, upon reasonable request of the other, sign any additional documents necessary or advisable, to fully implement the terms and conditions of this Addendum.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the day and year first above written.

FRANCHISOR:

MASSAGE HEIGHTS FRANCHISING, LLC

By: _____

Its: _____

FRANCHISEE:

_____

By: _____

Its: _____

EXHIBIT C

MASSAGE HEIGHTS

AREA DEVELOPMENT AGREEMENT

EXHIBIT C

MASSAGE HEIGHTS FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

Area Developer: ***

Date: ***

Territory: ***

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ATTACHMENTS:

Attachment A: Area Developer Data Sheet
Attachment B: Development Schedule
Attachment C: Statement of Shareholders/Members/Partners

MASSAGE HEIGHTS FRANCHISING, LLC
AREA DEVELOPER AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("AD Agreement") is made effective as of the date set forth in Attachment A ("Effective Date") by and between Massage Heights Franchising, LLC, a Texas limited liability company ("Franchisor"), with a business address at 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232 and the area developer set forth in Attachment A ("Area Developer").

WITNESSETH:

WHEREAS, Franchisor holds the exclusive franchise rights relating to the establishment, development and operation of Massage Heights businesses ("Massage Heights Business");

WHEREAS, in addition to this AD Agreement, Franchisor and Area Developer have entered into a Franchise Agreement ("Initial Franchise Agreement") for the right to establish and operate a single Massage Heights franchised business ("Initial Massage Heights Business"); and

WHEREAS, Area Developer desires to purchase an option to establish and operate Massage Heights Businesses within the territory described in Attachment A ("Development Territory"), under the development schedule described in Attachment B ("Development Schedule") and pursuant to the terms and conditions of this AD Agreement.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

1. GRANT

1.1 Franchisor hereby grants to Area Developer the right to establish and operate the number of Massage Heights Businesses indicated in Section 1 of Attachment B within the Development Territory described in Attachment A. Area Developer agrees to establish and operate a minimum of two Massage Heights Businesses under this AD Agreement. Each Massage Heights Business shall be operated according to the terms of the individual franchise agreement ("Franchise Agreement").

1.2 If Area Developer is developing Massage Heights Businesses, and complies with the terms of this AD Agreement, the Development Schedule, and the individual Franchise Agreement for each Massage Heights Business, then Franchisor will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Massage Heights Businesses in the Development Territory during the term of this AD Agreement. Franchisor reserves all other rights, including the rights of Franchisor, its affiliates, and any other authorized person or entity (including any other Massage Heights franchisees) to otherwise act in the manner permitted in any Franchise Agreement. Upon the expiration or termination of this AD Agreement, the Area Developer will no longer have any rights to the Development Territory other than the territory granted with each Massage Heights Business pursuant to the terms of each Franchise Agreement.Upon Area Developer's first failure to adhere to the Development Schedule, Area Developer will lose the exclusivity granted for the Development Territory. Any additional failures to adhere to the Development Schedule will constitute a material event of default of this AD Agreement, for which Franchisor may, among other things: (i) terminate the AD Agreement; (ii) reduce the area of the Development Territory; (iii) permit Area Developer to extend the Development Schedule; or (iv) pursue any other remedy Franchisor may have at law or in equity, including but not limited to, a suit for non-performance.

1.3 This AD Agreement is not a franchise agreement and Area Developer shall have no right to use in any manner the Franchisor trademarks or franchise system by virtue hereof. Each Massage Heights Business will be governed by the individual Franchise Agreement signed by Franchisor and Area Developer, or its affiliate, for each Massage Heights Business.

1.4 The Area Developer must own at least a 51% equity interest in the franchisee for each Massage Heights Business developed hereunder. In addition, Area Developer shall ensure that a person having at least a 10% beneficial equity interest in such franchisee shall at all times devote his or her full time and attention to managing, supervising, and developing each Massage Heights Business and that the person is at all times identified to Franchisor. Area Developer shall identify all equity owners of Area Developer by completing the Statement of Shareholders/Members/Partners attached to this AD Agreement as Attachment C. Area Developer shall provide Franchisor with an updated form of Attachment C within ten business days of any change in the equity ownership of Area Developer. The failure of Area Developer to provide Franchisor with an updated Attachment C within the time frame specified in this Section 1.4 shall constitute a material default of this AD Agreement.

2. TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this AD Agreement shall expire upon the earlier of (a) the Termination Date listed on Section 2 of Attachment B, or (b) completion of the obligations of the Development Schedule.

3. DEVELOPMENT FEE

Upon the execution of this AD Agreement, Area Developer must pay Franchisor a "Development Fee" which is equal to and includes the discounted initial franchise fee for each Massage Heights Business to be developed under this AD Agreement. The Development Fee is set forth in Attachment A. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Area Developer opens any of the Massage Heights Businesses it is obligated to open in the Development Territory. The Development Fee is in consideration of Franchisor's pre-opening assistance for each Massage Heights Business and Franchisor's lost or deferred opportunity to enter into this Development Agreement with others, and it offsets some of Franchisor's expenses for franchisee recruitment.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1 Area Developer shall exercise the development rights granted under this AD Agreement only by entering into a separate Franchise Agreement with Franchisor for each Massage Heights Business for which a development right is granted. The Initial Franchise Agreement to be developed by Area Developer under this AD Agreement shall be executed and delivered, concurrently with the execution and delivery of this AD Agreement. All subsequent Massage Heights Businesses developed under this AD Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for a Massage Heights Business. Area Developer acknowledges that the then-current form of Franchise Agreement may differ substantially from the Initial Franchise Agreement.

4.2 **Development Schedule.**

(a) Acknowledging that time is of the essence, Area Developer agrees to exercise its development rights according to Section 4.1 and according to the Development Schedule set forth

on Attachment B, which designates the number of Massage Heights Businesses that must be open upon the expiration of each of the designated development periods ("Development Periods").

(b) During any Development Period, Area Developer may, with Franchisor's prior written consent, develop more than the number of Massage Heights Businesses than the Area Developer is required to develop during each respective Development Period. Any Franchise Agreements executed during a Development Period in excess of the minimum number required to be executed upon expiration of that Development Period shall be applied to satisfy Area Developer's development obligation during the next succeeding Development Period. Area Developer shall not execute more than the cumulative total number of Franchise Agreements that Area Developer is obligated to execute under this AD Agreement, as set forth above in the Development Schedule.

(c) Area Developer shall open each Massage Heights Business in accordance with the terms of the Franchise Agreement and shall execute the Franchise Agreements in accordance with the Development Schedule set forth on Attachment B.

5. LOCATION OF MASSAGE HEIGHTS BUSINESSES

The location of each Massage Heights Business shall be selected in accordance with the terms set forth in each Franchise Agreement signed by Area Developer, within the Development Territory.

6. FRANCHISE AGREEMENT

Area Developer shall not negotiate a lease, or commence any action towards opening a Massage Heights Business until, among other things; the individual Franchise Agreement for that Massage Heights Business has been signed by both the Area Developer and Franchisor and the Area Developer has received consent by Franchisor.

7. DEFAULT AND TERMINATION

7.1 Area Developer will be in default of this AD Agreement if it (or its affiliate(s)): (a) fails to perform any of its obligations under this AD Agreement or any individual Franchise Agreement; or (b) fails to comply with the provisions on transfer contained herein. Upon default, Franchisor shall have the right, at its option, and in its sole discretion, to terminate this AD Agreement immediately upon notice without opportunity to cure.

7.2 Upon Area Developer's first failure to adhere to the Development Schedule, Area Developer will be in default of this AD Agreement and lose the exclusivity granted for the Development Territory. Upon any additional failures to adhere to the Development Schedule, Franchisor may, among other things: (i) immediately terminate Area Developer's rights under this AD Agreement upon notice; (ii) reduce the area of the Development Territory; (iii) permit Area Developer to extend the Development Schedule; or (iv) pursue any other remedy Franchisor may have at law or in equity, including but not limited to, a suit for non-performance. If such termination occurs under this Section, the rights of other Massage Heights agreements (including respective Franchise Agreements) will not be affected. Termination of this AD Agreement does not trigger a cross-default with other Massage Heights agreements, unless expressly stated therein.

7.3 This AD Agreement shall automatically terminate without notice upon the death or permanent disability of Area Developer or any controlling principal of Area Developer ("Controlling Principal") who owns all or a part of the Controlling Interest ("Controlling Interest") in Area Developer.

"Permanent Disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this AD Agreement or in the guaranty made part of this AD Agreement for at least 90 consecutive days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent Disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the person. If the person refuses to submit to an examination, such person shall automatically be deemed Permanently Disabled as of the date of such refusal for the purpose of this Section 7.3. The costs of any examination required by this Section 7.3 shall be paid by Franchisor. Upon the death or claim of Permanent Disability of franchisee or any Controlling Principal who owns all or a part of the Controlling Interest in franchisee, franchisee or a representative of franchisee must promptly notify Franchisor of such death or claim of Permanent Disability within 15 days of its occurrence.

7.4 In addition, if any individual Franchise Agreement issued to Area Developer or an approved affiliate of Area Developer, whether or not issued pursuant to this AD Agreement, is terminated for any reason, Franchisor shall have the right to terminate this AD Agreement on immediate written notice to Area Developer. Upon termination or expiration of the term of this AD Agreement, this AD Agreement shall be of no further effect, and Franchisor shall have the right to open, or license others to open, Massage Heights Businesses within the Development Territory. For purposes of this Section 7.4, any Franchise Agreement issued by Franchisor to Area Developer or its approved affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Area Developer or any stockholder, partner or joint venturer of Area Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Area Developer.

8. ASSIGNMENT

8.1 Franchisor shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this AD Agreement and Franchisor shall thereby be released from any and all further liability to Area Developer.

8.2 Area Developer may not assign this AD Agreement or any rights to the Development Territory.

9. FORCE MAJEURE

In the event that Area Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Franchisor, the Development Schedule and this AD Agreement shall be extended for a corresponding period, not to exceed 90 days.

10. ENTIRE AGREEMENT

This AD Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. However, nothing in this AD Agreement or any related agreement is intended to disclaim the Franchisor's representations made in the Franchise Disclosure Document. Where this AD Agreement and any Franchise Agreement between the parties conflict with respect to the payment terms of initial franchise fees or equity interests held by the Area Developer or operating partners, the terms of this AD Agreement shall govern. Under no circumstances do the parties intend that this AD Agreement be interpreted in a way as to grant Area Developer any rights to grant sub-franchises in the Development Territory.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 It is acknowledged and agreed that Area Developer and Franchisor are independent contractors and nothing contained herein shall be construed as constituting Area Developer as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Area Developer shall enter into contracts for the development of the Development Territory contemplated by this AD Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Area Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having this authority.

11.2 Area Developer agrees to protect, defend, indemnify and hold Franchisor, its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and their respective past and present stockholders, partners, directors, officers, employees, agents, attorneys and assignees, and the spouses of such individuals harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Area Developer's carrying out its obligations hereunder, including but not limited to any allegation, claim, finding, or ruling that Franchisor is an employer or joint employer of Area Developer's employees.

12. SUCCESSORS AND ASSIGNS

This AD Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

13. APPLICABLE LAW

This AD Agreement shall be governed by and construed in accordance with the laws of the State of the Development Territory, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The parties expressly consent to personal jurisdiction in the State of California and agree that, except as set forth in Section 15, the state and federal court(s) located in Bexar County, Texas will have exclusive jurisdiction for the purposes of carrying out this provision.

14. NOTICE

All notices required under this AD Agreement shall be in writing and shall be sent by certified mail, return receipt requested, by electronic mail provided that the recipient of such electronic mail expressly acknowledges in writing the receipt of the electronic mail, or by an overnight delivery service providing documentation of receipt to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Area Developer shall be deemed delivered (a) on the date shown on the return receipt or in the overnight delivery service's records as the date of delivery, or in the case of electronic mail, the date shown on the acknowledgement of receipt; or (b) on the date of first attempted delivery, if actual delivery cannot for any reason be made.

Notices to Franchisor: Massage Heights Franchising, LLC
ATTN: Legal Department
13750 US Hwy 281 North, Suite 230
San Antonio, TX 78232

Notice to Area Developer: ***
***
***
***

15. MEDIATION & ARBITRATION

15.1 The parties agree that all controversies, claims and disputes between them arising out of or relating to this AD Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the purchase of the development rights by Area Developer shall be submitted first to mediation prior to being finally resolved by submitting this matter to binding arbitration. Mediation and binding arbitration shall take place in San Antonio, Texas (or Franchisor' then-current headquarters) under the auspices of, and using the commercial mediation or arbitration rules of the Judicial Arbitration and Mediation Service ("JAMS"). If JAMS or any successor is no longer in existence at the time mediation or arbitration is commenced, the parties will agree on another mediation or arbitration organization to conduct the mediation or arbitration proceeding.

15.2 Area Developer may not commence any action against Franchisor or Franchisor's affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by JAMS and the mediator's fees. Franchisor reserves the right to specifically enforce its right to mediation. Prior to mediation, and before commencing any legal action against Franchisor or Franchisor's affiliates with respect to any such claim or dispute, Area Developer must submit a notice to Franchisor, which specifies in detail, the precise nature and grounds of such claim or dispute. Franchisor shall not be required to first attempt to mediate or a controversy, dispute or claim against Area Developer through mediation as set forth in this Section 15 if such controversy, dispute or claim concerns an allegation by Franchisor that Area Developer has violated (or threaten to violate, or pose an imminent risk of violating): (a) any of Franchisor's federally protected intellectual property rights in the trademarks; or (b) in any of Franchisor's trade secrets or confidential information. Each party shall agree on one arbitrator selected from a panel of neutral arbitrators provided by JAMS, and the arbitrator shall be chosen by the striking method. In accordance with the terms of the Federal Arbitration Act, the arbitrator shall hear the dispute in the JAMS offices nearest to San Antonio, Texas. Each party shall bear its own costs and attorney fees and one-half of the arbitrator's expenses. The arbitrator shall have no authority to amend or modify the terms of this AD Agreement. Each party further agrees that, unless a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The decision of the arbitrator shall be final and binding. The Area Developer knows, understands, and agrees that it is the intent of the parties that any arbitration between Franchisor and the Area Developer shall be of the Area Developer's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of other area developers or franchisees or on a class-wide basis, and Area Developer hereby waives any right it may assert to have its claims arbitrated in conjunction with the claims of other area developers or franchisees or on a class-wide basis.

15.3 Notwithstanding any provision contained in this Section 15, Franchisor may, at its sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other

temporary or permanent equitable relief against the Area Developer that may be necessary to protect its trademarks or other rights or property. However, the final right of determination of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall the Area Developer be entitled to make, the Area Developer shall not make, and the Area Developer hereby waives, any claim for money damages by way of set-off, counterclaim, defense or otherwise based upon any claim or assertion by the Area Developer that Franchisor has unreasonably withheld or unreasonably conditioned or delayed any consent or approval to a proposed act by the Area Developer under any of the terms of this AD Agreement. The Area Developer's sole remedy for any claim shall be an action or proceeding to enforce any provisions, for specific performance or declaratory judgment.

16. ACKNOWLEDGEMENTS

16.1 Area Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all Area Developer Agreements or franchise agreements are or will be identical.

16.2 Area Developer acknowledges that it is not, nor is it intended to be, a third party beneficiary of this AD Agreement or any other agreement to which Franchisor is a party.

16.3 Area Developer represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this AD Agreement and to perform all of its obligations hereunder, and furthermore, that the execution of this AD Agreement is not in contravention of any other written or oral obligation of the Area Developer.

16.4 Area Developer acknowledges and accepts the following:

The success of the Area Developer in managing and operating multiple Massage Heights Businesses is speculative and will depend on many factors including, to a large extent, Area Developer's independent business ability. Area Developer has been given the opportunity and been encouraged to obtain independent advice from legal and other professionals before entering into this AD Agreement. This offering is not a security as that term is defined under applicable Federal and State securities laws. The obligation to train, manage, pay, recruit and supervise employees of the Massage Heights Businesses rests solely with Area Developer. Area Developer has not relied on any warranty or representation, expressed or implied, as to the potential success or projected income of the business venture contemplated hereby. No representations or promises have been made by Franchisor to induce Area Developer to enter into this AD Agreement except as specifically included herein. Franchisor has not made any representation, warranty or guaranty, express or implied, as to the potential revenues, profits or services of the business venture to Area Developer and cannot, except under the terms of this AD Agreement, exercise control over Area Developer's business. Area Developer acknowledges and agrees that it has no knowledge of any representation made by Franchisor or its representatives of any information that is contrary to the terms contained herein.

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this AD Agreement on the day and year first written above.

FRANCHISOR:	**AREA DEVELOPER**:
MASSAGE HEIGHTS FRANCHISING, LLC	***, a ***
By: _____ Shane L. Evans, President	By: _____ ***, ***
Date: _____	Date: _____

ATTACHMENT A

AREA DEVELOPER DATA SHEET

1. **EFFECTIVE DATE.** The "Effective Date" set forth in the introductory paragraph of the AD Agreement is ***, 20***.

2. **AREA DEVELOPER.** The "Area Developer" set forth in the introductory paragraph of the AD Agreement is:

***
***
***

3. **DEVELOPMENT TERRITORY.** The Development Territory set forth in Section 1.1 of the AD Agreement shall be the geographic area described below:

***

Franchisor agrees to waive its right to establish another Massage Heights Business within a Territory owned by Area Developer and located within the Development Territory if Area Developer chooses not to exercise its right of first refusal or obtain a "Class A" location as set forth in Section 4 of the Franchise Agreement, but only for so long as Area Developer is in compliance with the Area Development Agreement and the Area Development Agreement is in effect. All rights of Franchisor to establish additional Massage Heights Businesses in such a Territory pursuant to Section 4 of the Franchise Agreement will remain in effect if Area Developer is no longer in compliance with the Area Development Agreement or upon termination or expiration of the Area Development Agreement. The terms "Massage Heights Business", "Territory", and "'Class A' location" shall have the meaning set forth in the Franchise Agreement. Nothing in this provision is intended to waive or alter any of Franchisor's other rights set forth in the Franchise Agreement, nor shall it apply to any Franchise Agreement for a Territory that is not located in a Development Area of Area Developer. In the event the terms of this provision conflict with the terms of the Franchise Agreement, this provision shall control.

4. **DEVELOPMENT FEE.** The Area Development Fee, set forth in Section 3 of the AD Agreement shall be the following amount: price for Initial Massage Heights Business ($42,000) + price for each additional Massage Heights Business purchased under the AD Agreement ($32,000 x *** Franchises) = Development Fee: $*** plus, if applicable, all federal, state or municipal taxes due and payable at the time of execution of the AD Agreement.

(Signatures on following page)

FRANCHISOR:	**AREA DEVELOPER**:
MASSAGE HEIGHTS FRANCHISING, LLC	***, a ***
By: _____ Shane L. Evans, President	By: _____ ***, ***
Date: _____	Date: _____

ATTACHMENT B

DEVELOPMENT SCHEDULE

1. Number of Massage Heights Businesses to be developed under this AD Agreement (including the Initial Massage Heights Business): ***

2. The termination date of this AD Agreement shall be the earlier of the date the Development Schedule is complete or ***, 20***.

3. **AREA DEVELOPMENT SCHEDULE.**

   Area Developer must open each Massage Heights Business mentioned above within a certain time period specified by Franchisor, the length of which depends upon the number of Massage Heights Businesses Area Developer has purchased and the number of these Massage Heights Businesses that Area Developer has developed and opened for business before developing and opening the Massage Heights Business to which the AD Agreement corresponds. Area Developer shall open its Initial Massage Heights Business within 270 days from the effective date of its corresponding Franchise Agreement. Any additional Massage Heights Businesses purchased by Area Developer shall open within 270 days of opening the previous Massage Heights Business.

FRANCHISOR:	**AREA DEVELOPER**:
MASSAGE HEIGHTS FRANCHISING, LLC	***, a ***
By: _____ Shane L. Evans, President	By: _____ ***, ***
Date: _____	Date: _____

ATTACHMENT C

STATEMENT OF OWNERSHIP

Area Developer: ***

Trade Name (if different from above):

Form of Ownership (Check One):

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

Management (managers, officers, board of directors, etc.):

Name	Title	Name	Title
***	***	***	***

Members, Stockholders, Partners:

Name	Address	Percentage of Ownership
***	***	***
***	***	***

Use additional sheets if necessary. Any and all changes to the above information must be reported to **Franchisor** in writing.

AREA DEVELOPER:

***, a ***

Date: _____ By: _____

***, ***

EXHIBIT D

MASSAGE HEIGHTS

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, 2016:

Name	Entity Name	Address	State	Phone	E-mail
Oliver, Eric	DegamGI, LLC held by OMG MH Holdings, LLC	3425 E. Baseline Rd., Ste 107 Gilbert, AZ 85234	AZ	480-632-7529	eoliver@massageheights.com
Oliver, Eric	DegamPP, LLC held by OMG MH Holdings, LLC	6965 El Camino Real, Ste 101 Carlsbad, CA 92009	CA	760-692-9800	eoliver@massageheights.com
Oliver, Eric	Footbeat Partners, Inc.	13925 City Center Dr., Ste 2043 Chino Hills, CA 91709	CA	909-590-4487	eoliver@massageheights.com
Cicchetti, R.J. Cicchetti, Terri	Heights for Wellness, LLC	141 West Covell, Suite 101 Davis, CA 95616	CA	530-601-5499	rjcicchetti@massageheights.com tcicchetti@massageheights.com
Oliver, Eric	DegamEN, LLC held by OMG MH Holdings, LLC	111 N. El Camino Real, Ste F Encinitas, CA 92024	CA	760-479-0216	eoliver@massageheights.com
Michaylo, John W. Jensen, Leslie L.	The Del Vee Group, Inc.	230 Palladio Pkwy, Ste 1229 Folsom, CA 95630	CA	916-932-0399	john.michaylo@massageheights.com leslie.jensen@massageheights.com
Simon, Mitchell D. Simon, Deborah M.	Simon Adventures, LLC	3881 Alton Pkwy, Ste A Irvine, CA 92606	CA	949-383-5388	msimon@massageheights.com dsimon@massageheights.com
Burk, II, William R.	WRB Investments 2, Inc.	26032 Marguerite Pkwy, Ste A2 Mission Viejo, CA 92692	CA	949-699-3803	bburk@massageheights.com
Bousema, Bill Bousema, Bonnie	South Coast Retreats, LLC	1334 Bison Ave. Newport Beach, CA 92660	CA	949-644-7352	bbousema@massageheights.com bonniebousema@massageheights.com
Bliss, Irwin* Bliss, Marie	Transformations International Wellness, LLC	5800 Nave Dr., Ste H Novato, CA 94949	CA	415-483-8181	ibliss@massageheights.com mbliss@massageheights.com
Setlich, John R.		12188 Foothill Blvd. Rancho Cucamonga, CA 91739	CA	909-803-2900	jsetlich@massageheights.com
Burk, II, William R.	WRB Investments, Inc.	22441 Antonio Pkwy Rancho Santa Margarita, CA 92688	CA	949-709-7533	bburk@massageheights.com cnolet@massageheights.com
Michaylo, John W. Jensen, Leslie L.	The Del Vee Group, Inc.	761 Pleasant Grove Blvd., Ste 120 Roseville, CA 95678	CA	916-772-9555	john.michaylo@massageheights.com leslie.jensen@massageheights.com
Elliott, Justin Elliott, Kerry	na	2936 Fulton Ave. Sacramento, CA 95821	CA	916-359-7259	jelliott@massageheights.com kelliott@massageheights.com
Takhar, Robert Singh Takhar, Sonia Kaur	Takhar Heights, Inc.	2761 Del Paso Rd., Ste 100 Sacramento, CA 95678	CA	916-779-5389	stakhar@massageheights.com
Bell, R. Todd	Bell Destiny Holdings, LLC	10413 Craftsman Way, Ste 100 San Diego, CA 92127	CA	858-304-2400	tbell@massageheights.com
Knecht, Nathaniel F.	Live Well Holdings, LLC	13223 Black Mountain Rd., Ste 7 San Diego, CA 92129	CA	858-504-7277	nknecht@massageheights.com
Oliver, Eric	DegamCV, LLC held by OMG MH Holdings, LLC	3810 Valley Centre Dr., Ste 901 San Diego, CA 92130	CA	858-794-4962	eoliver@massageheights.com
Shoptaugh, Michael Shoptaugh, Barbara	Shoptaugh Investments	TBD Colorado Springs, CO	CO	TBD	mike.shoptaugh@massageheights.com barbara.shoptaugh@massageheights.com
Shoptaugh, Michael Shoptaugh, Barbara	Shoptaugh Investments	5925 Dublin Blvd., Ste 130 Colorado Springs, CO 80923	CO	719-302-0561	mike.shoptaugh@massageheights.com barbara.shoptaugh@massageheights.com
Moore, Lisa A. Moore, Bradley A.	Finding Serenity 2, LLC	2912 Council Tree Ave., Ste 106 Fort Collins, CO 80525	CO	970-226-1521	lmoore@massageheights.com bmoore@massageheights.com
Holtman, Shannon Holtman, Stephanie Brassell, Jason Moore, Lisa A.	SBH Investment Group, LLC	9245 S. Broadway, Ste 100 Highlands Ranch, CO 80129	CO	720-644-9100	sholtman@massageheights.com stholtman@massageheights.com jbrassell@massageheights.com lmoore@massageheights.com
Kisch, Wade	MH Northern Colorado, LLC held by Kisch Holdings, Inc.	1751 Hover St., Ste A2 Longmont, CO 80501	CO	720-438-7838	wkisch@massageheights.com
Moore, Lisa A. Moore, Bradley A.	Finding Serenity	5865 Sky Pond Dr., Ste G112 Loveland, CO 80538	CO	970-663-7529	bmoore@massageheights.com lmoore@massageheights.com
Hayes, Kellie	na	3013 Yamato Rd., Ste B22 Boca Raton, FL 33434	FL	561-327-4156	khayes@massageheights.com

Name	Entity Name	Address	State	Phone	E-mail
Oliver, Eric	University Park Retreat held by OMH MH Holdings, LLC	5275 University Pkwy, Ste 110 Bradenton, FL 34201	FL	941-351-5135	eoliver@massageheights.com
Reiche, Charles Reiche, Regina	Strive! Consulting, LLC	225 Brandon Town Center Dr. Brandon, FL 33511	FL	813-689-5608	creiche@massageheights.com rreiche@massageheights.com
McNiven, Sandra Bonfiglio	Serenity Spa and Retreat, Inc.	420 E. Linton Blvd., Ste 804 Delray Beach, FL 33483	FL	561-403-1100	smcniven@massageheights.com
Patel, Viral P. Patel, Francheska Patel, Ankur P. Patel, Vandana	AKAZ Enterprises, Inc.	9902 Gulf Coast Main St., Ste 105 Fort Myers, FL 33913	FL	239-908-4007	vpatel@massageheights.com apatel@massageheights.com
Oliver, Eric	MH River City, LLC	725 Nautica Dr., Ste 104 Jacksonville, FL 32218	FL	904-483-2222	eoliver@massageheights.com
Oliver, Eric	MH Town Center, LLC	4866 Big Island Dr., Ste 2 Jacksonville, FL 32246	FL	904-400-7777	eoliver@massageheights.com
Dancer, Brad Dancer, Jaime	MH of South Naples, LLC	4525 Thomasson Drive Naples, FL 34112	FL	239-330-3827	bdancer@massageheights.com jdancer@massageheights.com brad@traversepartners.net
LeClair, Denis	MH of Florida, LLC	2348 Pine Ridge Rd. Naples, FL 34109	FL	239-449-9009	dleclair@massageheights.com rleclair@massageheights.com
Oliver, Eric	Landings Spa Management, LLC held by OMG MH Holdings, LLC	4948 South Tamiami Trail Sarasota, FL 34231	FL	941-927-1030	eoliver@massageheights.com
LeClair, Denis	MH of Florida, LLC	TBD	FL	TBD	dleclair@massageheights.com
O'Malley, Ronald J. Gumina, James J.	Resort Associates, L.L.C.	TBD	FL	TBD	ron.omalley@massageheights.com james.gumina@massageheights.com
Gustoff, Tom	MHBH Salon, LLC	2900 Peachtree Rd. NW, Ste 109 Atlanta, GA 30305	GA	404-846-0444	tgustoff@massageheights.com
Gustoff, Tom	MHBV Salon, LLC	305 Brookhaven Ave., Ste B1160 Atlanta, GA 30319	GA	404-647-0278	tgustoff@massageheights.com
Smith, Sharlene Nash, Charice	Nash Smith, Inc.	TBD Atlanta, GA	GA	TBD	sharlene.smith@massageheights.com charice.nash@massageheights.com
Walton, Denny Ray Walton, Ann	Everwalton, Inc.	2484 Briarcliff Rd., Ste 35 Atlanta, GA 30329	GA	678-809-1955	dwalton@massageheights.com awalton@massageheights.com
Wolz, Kasey Ryan Kohtala, Joonas	ACE & JK Corp.	2570 Blackmon Drive, Ste 350 Decatur, GA 30030	GA	404-380-1623	kasey.wolz@massageheights.com joonas.kohtala@massageheights.com
Smith, Sharlene Nash, Charice	Nash Smith, Inc.	3000 Old Alabama Rd., Ste 115 Johns Creek, GA 30022	GA	678-500-9800	sharlene.smith@massageheights.com charice.nash@massageheights.com
Gustoff, Tom	MHEC Salon, LLC	1100 Johnson Ferry Rd., Ste 345 Marietta, GA 30068	GA	404-341-7614	tgustoff@massageheights.com
Schmidt, Susan Schmidt, Andreas	Irodion LLC	4600 Roswell Rd., Ste E130 Sandy Springs, GA 30342	GA	678-626-1750	susan.schmidt@massageheights.com andreas.schmidt@massageheights.com
Neville, Joe* Neville, Brenda	Neville Investments, Inc.	637 Lincoln Way, Ste 103 Ames, IA 50010	IA	515-232-7359	jneville@massageheights.com bneville@massageheights.com
Dollison, Amy R. G. Dollison, Douglas M. Dollison, Dwight Dollison, Diane	DIG Ankeny, LLC	2732 SE Delaware Ave., Ste 260 Ankeny, IA 50021	IA	515-963-2000	adollison@massageheights.com ddollison@massageheights.com dwight.dollison@massageheights.com diane.dollison@massageheights.com
Linden, Angela	na	4201 42nd St. NE Cedar Rapids, IA 52404	IA	319-774-6397	alinden@massageheights.com
Oliver, Eric	MH Lake Pointe, LLC	13435 University Ave. Clive, IA 50325	IA	515-226-4010	eoliver@massageheights.com
Linden, Angela	Healthcare Solutions, Inc.	919 E. 2nd Ave. Coralville, IA 52241	IA	319-423-7050	alinden@massageheights.com
Dollison, Amy R. G. Dollison, Douglas M.	Dollison Business Enterprises, LLC	3800 Merle Hay Rd., Ste 403 Des Moines, IA 50310	IA	515-276-7529	ddollison@massageheights.com adollison@massageheights.com
McFadden, Steve McFadden, Trisha	Therapy Investments, LLC	3708 Ingersoll Ave. Des Moines, IA 50312	IA	515-255-7529	smcfadden@massageheights.com tmcfadden@massageheights.com

Name	Entity Name	Address	State	Phone	E-mail
Dollison, Amy R. G. Dollison, Douglas M. Dollison, Dwight Dollison, Diane	DIG Johnston, LLC	5441 NW 86th St., Ste 300 Johnston, IA 50131	IA	515-278-0200	adollison@massageheights.com ddollison@massageheights.com dwight.dollison@massageheights.com diane.dollison@massageheights.com
Dollison, Amy R. G. Dollison, Douglas M. Dollison, Dwight Dollison, Diane	DIG West De Moines, LLC	640 S. 50th St., Ste 1130 West Des Moines, IA 50265	IA	515-222-3102	adollison@massageheights.com ddollison@massageheights.com dwight.dollison@massageheights.com diane.dollison@massageheights.com
Patel, Raj Punukollu, Jay	Hari Massage Chicago, Inc.	2911 95th Street, Ste 101 Naperville, IL 60564	IL	630-305-3080	raj.patel@massageheights.com jay.punukollu@massageheights.com
Goebel, Cristina Goebel, Matt	MH Indy, LLC	TBD	IN	TBD	cristina.goebel@massageheights.com mgoebel@massageheights.com
Goebel, Cristina Goebel, Matt	MH Indy, LLC	TBD	IN	TBD	cristina.goebel@massageheights.com mgoebel@massageheights.com
Goebel, Cristina Goebel, Matt	MH Indy, LLC	TBD	IN	TBD	cristina.goebel@massageheights.com mgoebel@massageheights.com
Dusterhoft, Thomas	MH Relax Enterprises, LLC	4800 135th St., Ste 270 Leawood, KS 66224	KS	913-660-0099	tdusterhoft@massageheights.com
Anderson, Scott Anderson, Barbara	Phase 2, LLC	16808 W. 89th St. Lenexa, KS 66219	KS	913-717-0034	sanderson@massageheights.com banderson@massageheights.com
Richey, Ronald Richey, Crystal	Euphoria I, LLC	11008 Metcalf Ave. Overland Park, KS 66210	KS	913-663-5444	rrichey@massageheights.com crichey@massageheights.com
Reiche, Charles Reiche, Regina	MH Quarry Lake, LLC	2544 Quarry Lake Dr. Baltimore, MD 21209	MD	410-484-7529	creiche@massageheights.com rreiche@massageheights.com
DeVoe, Deb	RyCon Enterprises II, LLC	223 Brierhill Dr., Ste K Bel Air, MD 21015	MD	410-420-8200	ddevoe@massageheights.com
Oliver, Eric	Vicki & Tonic, LLC held by OMG MH Holdings LLC	142 Congressional Lane Rockville, MD 20852	MD	240-430-2244	eoliver@massageheights.com
Oliver, Eric	JPKP Ventures, Inc. held by OMH MH Holdings, LLC	3050 Walton Blvd. Rochester Hills, MI 48309	MI	248-375-8000	eoliver@massageheights.com
Brady, Sandra	Nine24 Ventures, LLC	19130 E. 39th St., Ste B Indpendence, MO 64057	MO	816-256-2288	sbrady@massageheights.com
Dusterhoft, Thomas	TWD 7560, LLC	9225 Missouri NE Hwy 152 Kansas City, MO 64158	MO	816-792-4783	tdusterhoft@massageheights.com
Dusterhoft, Thomas	TWD 7560, LLC	9028 NW Skyview Ave. Kansas City, MO 64154	MO	816-746-4400	tdusterhoft@massageheights.com
Presson, Donald M.	2M Ventures, LLC	8600 Ward Parkway, Ste 2115 Kansas City, MO 64114	MO	816-778-0901	dpresson@massageheights.com jpresson@massageheights.com
Brady, Sandra	Nine24 Ventures, LLC	970 NW Blue Pkwy Lee's Summit, MO 64086	MO	816-554-3438	sbrady@massageheights.com
Burrow, James Carper, Michael	Heights and Associates, LLC	14505 W. Maple Rd., Ste 100 Omaha, NE 68116	NE	402-934-8483	jburrow@massageheights.com mcarper@massageheights.com
Mizener, Allison	Aldilou West, LLC	1371 W. Warm Springs, Ste B Henderson, NV 0	NV	702-431-1300	amizener@massageheights.com
Serio, Deanna	ADS Holdings, Inc.	10420 S. Eastern Ave., Ste 110 Henderson, NV 89052	NV	702-547-0006	dserio@massageheights.com
Oliver, Eric	MH Bedford Grove, LLC held by OMG MH Holdings, LLC	7 Colby Ct., Ste 11 Bedford, NH 03110	NH	603-641-2010	eoliver@massageheights.com
Shawger, David D. Carmody, Dale	MH 11:11, LLC	40 West Park Place, Ste 7 Morristown, NJ 07960	NJ	973-939-3999	dshawger@massageheights.com dcarmody@massageheights.com
O'Malley, Ronald J. Gumina, James J.	Resort Associates, L.L.C.	2157 Route 35, Ste 1B Sea Girt, NJ 08750	NJ	732-449-9500	ron.omalley@massageheights.com james.gumina@massageheights.com
Holt, II, Claude D.	Therapeutic Revelations, LLC	117 Crossroads Blvd. Cary, NC 27518	NC	919-863-0082	dholt@massageheights.com msearls@massageheights.com
Hawley, Ryan Hawley, Holly	RGH Investments, LLC	1235 East Boulevard, Ste 190 Charlotte, NC 28203	NC	704-910-0758	ryan.hawley@massageheights.com holly.hawley@massageheights.com

Name	Entity Name	Address	State	Phone	E-mail
Holt, II, Claude D.	Therapeutic Revelations, LLC	324 S. Sharon Amity Rd., Ste B Charlotte, NC 28211	NC	704-936-5050	dholt@massageheights.com
Holt, II, Claude D.	The Wellness Retreat, LLC	7926 B Rea Rd. Charlotte, NC 28277	NC	704-749-5820	dholt@massageheights.com
Cermin, Josip	Cermin Therapeutic, LLC	6807 Fayetteville Rd., Ste 115 Durham, NC 27713	NC	919-794-6938	jwhite@massageheights.com joe_cermin@yahoo.com
Holt, II, Claude D.	TysonSix, Inc.	1915 Matthews Township Pkwy, Ste 1200 Matthews, NC 28105	NC	704-814-8888	dholt@massageheights.com
Cermin, Josip	Cermin Therapeutic, LLC	TBD	NC	919-794-6938	jwhite@massageheights.com joe_cermin@yahoo.com
Fisher, Thomas C. Egger, John	MH Arthur, LLC	3505 Westgate, Ste D416 Fairview Park, OH 44126	OH	440-973-8626	tfisher@massageheights.com jegger@massageheights.com
Radebaugh, James B. Radebaugh, Sondra	The Radebaugh Group, LLC	18240 Royalton Rd. Strongsville, OH 44136	OH	440-580-4520	jradebaugh@massageheights.com sradebaugh@massageheights.com
Hyland, Bruce Hyland, Joyce	Hyland MH Retreats, LLC	143 Crocker Park Blvd. Westlake, OH 44145	OH	440-249-6898	bhyland@massageheights.com jhyland@massageheights.com
Fisher, Thomas C.	MH Arthur, LLC	TBD	OH		tfisher@massageheights.com
Hyland, Bruce Hyland, Joyce	Hyland MH Retreats, LLC	TBD	OH		bhyland@massageheights.com jhyland@massageheights.com
Oliver, Eric	MH Bakery Square, LLC held by OMG MH Holdings, LLC	173 Bakery Square Blvd. Pittsburgh, PA 15206	PA	412-363-7359	eoliver@massageheights.com
Krieger, Christina Krieger, Andrew	CLK Management, LLC	360 Northgate Mall Dr. Chattanooga, TN 37415	TN	423-933-2777	ckrieger@massageheights.com akrieger@massageheights.com
Reimann, Alan Reimann, Janet	CHATTZ Massage, Inc.	1925 Gunbarrel Rd., Ste 113 Chattanooga, TN 37421	TN	423-933-0200	areimann@massageheights.com jreimann@massageheights.com
Meeks, Greg Hadall, Kevin	Awesometown, LLC	931 W. Bethany Dr. Allen, TX 75013	TX	972-961-4949	khadall@massageheights.com gmeeks@massageheights.com
Terraacina, Roy Franson, Glenn Evans, Wayne Evans, Shane	AT2, LLC	TBD Austin, TX	TX	TBD	rterraacina@massageheights.com gfranson@massageheightsfranchising.com wevans@massageheightsfranchising.com sevans@massageheightsfranchising.com
Terraacina, Roy Franson, Glenn Evans, Wayne Evans, Shane	AT2, LLC	TBD Austin, TX	TX	TBD	rterraacina@massageheights.com gfranson@massageheightsfranchising.com wevans@massageheightsfranchising.com sevans@massageheightsfranchising.com
Terraacina, Roy Franson, Glenn Evans, Wayne Evans, Shane	AT2, LLC	TBD Austin, TX	TX	TBD	rterraacina@massageheights.com gfranson@massageheightsfranchising.com wevans@massageheightsfranchising.com sevans@massageheightsfranchising.com
Terraacina, Roy Franson, Glenn Evans, Wayne Evans, Shane	AT2, LLC	TBD Austin, TX	TX	TBD	rterraacina@massageheights.com gfranson@massageheightsfranchising.com wevans@massageheightsfranchising.com sevans@massageheightsfranchising.com
Zweig-Franson, Patricia Franson, Bret	Casa Suspiros, LLC	11521 N FM 620, Ste 925 Austin, TX 78726	TX	512-331-6004	pfranson@massageheights.com gbfranson@massageheights.com
Huber, Holly C. Huber, Heather	na	Bulverde, TX	TX	TBD	heather.huber@massageheights.com holly.huber@massageheights.com hollywould516@aol.com
Terraacina, Roy Franson, Glenn Evans, Wayne Evans, Shane	AT2 Cedar Park, LLC	Highway 183A and New Hope Dr. Cedar Park, TX 78613	TX	TBD	rterraacina@massageheights.com gfranson@massageheightsfranchising.com sevans@massageheightsfranchising.com wevans@massageheightsfranchising.com

Name	Entity Name	Address	State	Phone	E-mail
Busch, JD Oliver, Eric,	MH Towne Square, LLC held by OMG MH Holdings, LLC	5604 Colleyville Blvd., Ste E Colleyville, TX 76034	TX	817-281-9299	jdbush@massageheights.com eoliver@massageheights.com
Wilson, Steven L. Wilson, Sandra J.	S&S Wilson, Inc.	3846 W. Davis St. Conroe, TX 77304	TX	936-703-2447	swilson@massageheights.com slwilson@massageheights.com
Grossman, David Ochoa, Travis	MH Cypress, LLC	25845 Northwest Freeway Ste 1086-B Cypress, TX 77429	TX	832-497-1395	dgrossman@massageheights.com tochoa@massageheights.com
Grossman, David Ochoa, Travis	MH Rock Creek, LLC	14041 Grant Rd., Ste 140 Cypress, TX 77429	TX	832-497-1403	dgrossman@massageheights.com tochoa@massageheights.com
Grossman, David Ochoa, Travis	MH Towne Lake, LLC	9935 Barker Cypress Rd Cypress, TX 77433	TX	832-497-1393	dgrossman@massageheights.com tochoa@massageheights.com
Marcotte, Leo Marcotte, Amy	Massage Chi Company	5801 Long Prairie Rd., Ste 650 Flower Mound, TX 75028	TX	972-249-9790	lmarcotte@massageheights.com amarcotte@massageheights.com
Taylor, James A. Taylor, Jacquelyn		303 W. Parkwood Ave. Friendswood, TX 77546	TX	281-725-6800	jataylor@massageheights.com jtaylor@massageheights.com
Busch, JD Busch, Tammy	MH Pinnacle Investments, LLC held by Busch Global	11955 Dallas Pkwy, Ste 900 Frisco, TX 75034	TX	972-292-7685	jdbusch@massageheights.com tbusch@massageheights.com mfoley@massageheights.com bbuford@massageheights.com
Wright, Donald W.	Mattem Enterprises, LLC	1013 W. University Ave., Ste 150 Georgetown, TX 78628	TX	512-930-0888	dwright@massageheights.com
Busch, JD Busch, Tammy	Busch Investment Group, LLC	5403 FM 1960 W, Ste A Houston, TX 77069	TX	281-943-7529	jdbusch@massageheights.com tbusch@massageheights.com
Castro, Theresa	TAC Massage, Inc.	2055 Westheimer Rd., Ste 155 Houston, TX 77098	TX	713-526-7529	tcastro@massageheights.com
Castro, Theresa	TAC Massage, Inc.	2625 Louisiana St., Ste H Houston, TX 77006	TX	832-431-4225	tcastro@massageheights.com
Dick, Todd Dick, LaVona	WL & D Ventures	14243 E. Sam Houston Parkway Ste 600 Houston, TX 77044	TX	281-615-3214	todd.dick@massageheights.com lavona.dick@massageheights.com
Grossman, David Ochoa, Travis	MH Eldridge, LLC	12709 FM 1960 West Houston, TX 77065	TX	832-497-1401	dgrossman@massageheights.com tochoa@massageheights.com
Keshani, Ali Keshani, Elizabeth	LK & HK Enterprise, LLC	600 W. Sam Houston Pkwy N, Ste 740 Houston, TX 77024	TX	713-467-3529	ekeshani@massageheights.com akeshani@massageheights.com
Lloyd, J. Morgan Brickey, Priscilla Brickey, Nathan	Absolute Therapeutic Massage, LLC	7670 Katy Freeway Houston, TX 77024	TX	281-501-1735	mlloyd@massageheights.com pbrickey@massageheights.com
Oliver, Eric	MH Royal Oaks, LLC	11805 Westheimer Rd., Ste 380 Houston, TX 77077	TX	281-619-22	eoliver@massageheights.com
Oliver, Eric Busch, JD Busch, Tammy	Coffey Relaxation, LLC held by OMH MH Holdings, LLC and Busch Global, LLC	5460 Weslayan St. Houston, TX 77005	TX	713-432-7529	eoliver@massageheights.com jdbush@massageheights.com
Peters, Mickey Peters, Stephanie	Upside Consulting, LLC	103 Yale St., Ste 700 Houston, TX 77007	TX	713-864-2403	mpeters@massageheights.com speters@massageheights.com
Reed, Brian Reed, Gillian Vu, Phuong Hua, Hang	Verde Select, LLC	134 Vintage Park Blvd., Ste D Houston, TX 77070	TX	832-698-7359	greed@massageheights.com breed@massageheights.com pvu@massageheights.com hhua@massageheights.com
Weatherford, Larry Weatherford, Debbie	LDSJ Holdings, LLC	1415 S. Voss Rd., Ste 150 Houston, TX 77057	TX	713-278-7529	dweatherford@massageheights.com lweatherford@massageheights.com
Wong, Chit	Rejuvenate, LLC	13410 Briar Forest Dr., Ste 198 Houston, TX 77077	TX	281-677-4290	cwong@massageheights.com
Weatherford, Larry Weatherford, Debbie	LDSJ Holdings, LLC	6501 S. Fry Rd., Ste 900 Katy, TX 77494	TX	281-391-7529	dweatherford@massageheights.com lweatherford@massageheights.com
Wong, Chit	na	4580 Kingwood R., Ste C Kingwood, TX 77345	TX	281-359-7529	cwong@massageheights.com

Name	Entity Name	Address	State	Phone	E-mail
Gonzalez, Sabino Hooks, Audrey Ware, Aaron Ware, Lucy	G & W Massage, LLC	90 Oak Drive, Ste H Lake Jackson, TX 77566	TX	979-292-8150	sgonzalez@massageheights.com ahooks@massageheights.com aware@massageheights.com lware@massageheights.com
Terraacina, Roy Franson, Glenn Evans, Wayne Evans, Shane	AT2, LLC	2009 Main Street, Ste 110 Lakeway, TX 78734	TX	512-520-0630	rterraacina@massageheights.com gfranson@massageheightsfranchising.com sevans@massageheightsfranchising.com wevans@massageheightsfranchising.com
Chin, Tony Nguyen, Pamela Cao, Don Tran, Mindy	Relaxbo, Inc.	2630 Gulf Freeway South, Ste E League City, TX 77573	TX	281-554-7359	tchin@massageheights.com pnguyen@massageheights.com
Weathers, John S.	Weathers Investment Holdings, LLC	6150 W. Eldorado Pkwy, Ste 160 McKinney, TX 75070	TX	469-424-0155	jweathers@massageheights.com
Peters, Mickey Peters, Stephanie	Upside Consulting II, LLC	8700 Hwy 6 Missouri City, TX 77459	TX	832-899-5850	mpeters@massageheights.com speters@massageheights.com
Huber, Holly C. Huber, Heather	MVPenny, LLC	2830 Town Center Dr., Ste 125 New Braunfels, TX 78130	TX	830-302-2091	heather.huber@massageheights.com holly.huber@massageheights.com
Chin, Tony Nguyen, Pamela Cao, Don Tran, Mindy	na	5661 Fairmont Pkwy, Ste 100 Pasadena, TX	TX	832-327-5088	tchin@massageheights.com pnguyen@massageheights.com
Reed, Brian Reed, Gillian Vu, Phuong Hua, Hang	Verde Select, LLC	2810 Business Center Dr., Ste 118 Pearland, TX 77584	TX	832-448-7529	greed@massageheights.com breed@massageheights.com pvu@massageheights.com hhua@massageheights.com
Busch, JD Busch, Tammy	Dallas Pinnacle Investments, LLC	3309 Dallas Pkwy, Ste 421 Plano, TX 75093	TX	972-424-7907	jdbusch@massageheights.com tbusch@massageheights.com
Burlington, Jennifer	US Intercepts, Inc.	9110 N. Loop 1604 W, Ste 106 San Antonio, TX 78249	TX	210-681-7091	jburlington@massageheights.com
Burlington, Jennifer	na	999 E. Basse Rd., Ste 165 San Antonio, TX 78209	TX	210-822-8889	jburlington@massageheights.com
Franson, Glenn Evans, Wayne Evans, Shane Hufstetler, Brandon	HEF Enterprises, LLC	430 W. Loop 1604 N., Ste 111 San Antonio, TX 78251	TX	210-523-1300	gfranson@massageheightsfranchising.com wevans@massageheightsfranchising.com sevans@massageheightsfranchising.com bhufstetler@massageheights.com
Gray, Alisha	Matitus Ventures, LLC	16635 Huebner Rd., Ste 102 San Antonio, TX 78248	TX	210-338-8249	agray@massageheights.com
Lopez, Michael C.		9620 Huebner Rd., Ste 101 San Antonio, TX	TX	210-877-9014	mlopez@massageheights.com mclopez2@massageheights.com
Terraacina, Roy Franson, Glenn Evans, Wayne Evans, Shane	AT2 TPC, LLC	22106 US Hwy 281 N, Ste 104 San Antonio, TX 78258	TX	210-981-1000	rterraacina@massageheights.com gfranson@massageheightsfranchising.com sevans@massageheightsfranchising.com wevans@massageheightsfranchising.com
Tyler, Anna Segura	Massage Beast, LLC	17230 Bulverde Rd., Ste 113 San Antonio, TX 78247	TX	210-494-7359	asegura@massageheights.com
Lopez, Michael C.	BrandCamy, Inc.	3820 FM 3009, Ste 120 Schertz, TX 78154	TX	210-658-5689	mlopez@massageheights.com
Boubekri, Noury	BFNAT Corporation	100 W. Southlake Blvd., Ste 175 Southlake, TX 76092	TX	817-442-001	nboubekri@massageheights.com fboubekri@massageheights.com
Cobb, Barbara J. Cobb, Thomas	Cobb Retreats II, LLC	3550 Rayford Rd., Ste 180 Spring, TX 77386	TX	832-900-7222	bcobb@massageheights.com
Walker, James Ouellette, Connie	GREA, LLC	21334 Kuykendahl Rd., Ste C Spring, TX 77379	TX	281-288-2177	jwalker@massageheights.com couellette@massageheights.com dwalker@massageheights.com
Weatherford, Larry Weatherford, Debbie	LDSJ Holdings, LLC	1875 Hwy 6, Ste 500 Sugar Land, TX 77478	TX	281-4907529	dweatherford@massageheights.com lweatherford@massageheights.com

Name	Entity Name	Address	State	Phone	E-mail
Cobb, Barbara J. Cobb, Thomas	Cobb Retreats, LLC	4775 W. Panther Creek Dr. Ste 220B The Woodlands, TX 77381	TX	832-900-7788	bcobb@massageheights.com
Oliver, Eric	MH Alden Bridge, LLC held by OMG MH Holdings, LLC	8000 Research Forest Dr. Ste 250 The Woodlands, TX 77382	TX	281-292-1188	eoliver@massageheights.com
Chu, Dan	Denovo Heights, LLC	1373 W. Bay Area Blvd. Webster, TX 77598	TX	281-992-8888	dchu@massageheights.com
Wilson, Steven L. Wilson, Sandra J.	S&S Wilson, Inc.	TBD	TX	TBD	swilson@massageheights.com slwilson@massageheights.com
Cisneros, Lucio Misulic, Tatjana	LCM Enterprises, LLC	3642 King St. Alexandria, VA 22302	VA	703-31-7359	lcisneros@massageheights.com tmisulic@massageheights.com
Cisneros, Lucio Misulic, Tatjana	MHI Investment Group, LLC	7505 Leesburg Pike, Ste M Falls Church, VA 22043	VA	703-208-1919	lcisneros@massageheights.com tmisulic@massageheights.com
Wyatt, Courtland R.	Roman Republic Massage, LLC	2674 Avenir Place, Ste B Vienna, VA 22180	VA	703-520-1004	cwatt@massageheights.com
Mercil, Catherine	NOVA Massage 1, Inc.	12501 Dillingham Square Woodbridge, VA 22192	VA	703-590-7529	cmercil@massageheights.com
Thompson, Robin Thompson, Mary Morgan, J. Kent	MH Ballard, LLC	5401 Leary Ave. NW Seattle, WA 98107	WA	206-623-0373	rthompson@massageheights.com jkmorgan@massageheights.com

*These franchisees transferred their Franchise after December 31, 2016.

Former Franchisees

The name and last known address of every franchisee who had a Massage Heights Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2016 to December 31, 2016, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

NOTES	Name	Entity Name	Address	State	Phone	E-mail
Transferred	Cicchetti, RJ Cicchetti, Terri	Heights for Life, LLC	230 Palladio Pkwy, Ste 1229 Folsom, CA 95630	CA	916-932-0399	
Transferred	Bliss, Irwin Bliss, Marie	Transformations International Wellness, LLC	5800 Nave Dr., Ste H Novato, CA 94949	CA	415-483-8181	
Transferred	Cicchetti, RJ Cicchetti, Terri	Heights for Life, LLC	761 Pleasant Grove Blvd. Suite 120 Roseville, CA 95678	CA	916-772-9555	
Transferred	Merrill, Randy Merrill, Mary	MHBH Salon, LLC	2900 Peachtree Rd. NW, Ste 109 Atlanta, GA 30305	GA	404-846-0444	
Transferred	Merrill, Randy Merrill, Mary	MHBV Salon, LLC	305 Brookhaven Ave., Ste B1160 Atlanta, GA 30319	GA	404-647-0278	
Transferred	Birkinshaw, Jeremy M. Birkinshaw, Susan L.	Sterling Partners MH 1, LLP	1100 Johnson Ferry Rd, Ste 345 Marietta, GA 30068	GA	404-341-7614	
Transferred	Huggins, Joe Goggans, Bryan M.	GMT Spas, LLC	3000 Old Alabama Rd. Suite 115 Johns Creek, GA 30022	GA	678-500-9800	

NOTES	Name	Entity Name	Address	State	Phone	E-mail
Transferred	Neville, Joe Neville, Brenda	Neville Investments, Inc.	637 Lincoln Way, Ste 103 Ames, IA 50010	IA	515-232-7359	
Transferred	Oliver, Eric	Main Massage Therapy, Inc. held by OMH MH Holdings, LLC	2732 SE Delaware Ave., Ste 260 Ankeny, IA 50021	IA	515-963-2000	
Transferred	Oliver, Eric	Main Massage Therapy, Inc. held by OMH MH Holdings, LLC	5441 NW 86th St., Ste 300 Johnston, IA 50131	IA	515-278-0200	
Transferred	Oliver, Eric	MH Fox Prairie, Inc.	640 S. 50th St., Ste 1130 West Des Moines, IA 50265	IA	515-222-3102	
Transferred	Oliver, Eric	Vicki & Tonic, LLC held by OMG MH Holdings LLC	142 Congressional Lane Rockville, MD 20852	MD	240-430-2244	
Terminated	Failing, Jeffrey	Pittsford MH, Inc.	6687 Pittsford Palmyra Rd. Suite 18 Fairport, NY 14450	NY	558-598-1198	
Terminated*	Failing, Jeffrey	Pittsford MH, Inc.		NY		
Transferred	Garrison, Josh	Garrison Preschool, LLC	6807 Fayetteville Rd., Ste 115 Durham, NC 27713	NC	919-794-6938	
Transferred*	Garrison, Josh	Garrison Preschool, LLC		NC		
Terminated	Aggarwal, Keshuv Aggarwal, Renu	KK Health Solutions, LLC held by KK Dynamics, LLC and KK Solutions	2708 Pearland Pkwy, Ste 160 Pearland, TX 77581	TX	281-485-7529	
Terminated*	Aggarwal, Keshuv Aggarwal, Renu	KK Health Solutions, LLC held by KK Dynamics, LLC and KK Solutions		TX		
Terminated*	Aggarwal, Keshuv Aggarwal, Renu	KK Health Solutions, LLC held by KK Dynamics, LLC and KK Solutions		TX		
Transferred	Lopez, Michael	Brandcamy, Inc.	9820 Huebner Rd, Ste. 101 San Antonio, TX 78240	TX	210-877-9014	
Terminated	Kolmodin, Christian Kolmodin, Eric	CEK Legacy Investments, LLC	22833 Bothell-Everett Hwy Ste 147 Bothell, WA 98021	WA	425-318-7175	

*These franchisees never opened outlets.

EXHIBIT E

MASSAGE HEIGHTS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

State Administrator and Agents for Service of Process:

Commissioner
Department of Business Oversight
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agents for Service of Process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

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

Agents for Service of Process:

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

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, #500
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:

Office of the New York Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8236 (Phone)
(212) 416-6042 (Fax)

Agents for Service of Process:

New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 E. Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

RHODE ISLAND

Department of Franchise Regulation
1511 Pontiac Avenue
John O. Pastore Complex, Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

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

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue
Madison, WI 53703
(608) 266-3364

Rev. 021517

EXHIBIT F

MASSAGE HEIGHTS

STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR MASSAGE HEIGHTS FRANCHISING, LLC

The following modifications are made to the Massage Heights Franchising, LLC ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20___ ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means Texas. When the term "Supplemental Agreements" is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor's Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor's Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the

Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT,

TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

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

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates".

2. States which have refused, by order or otherwise, to register these Franchises are:

   None

3. States which have revoked or suspended the right to offer the Franchises are:

   None

4. States in which the proposed registration of these Franchises has been withdrawn are:

   None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that

the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

Fee Deferral

Payment of the Initial Franchise Fee, Development Fee, and software setup is deferred until all of our initial obligations under the Franchise Agreement or Supplemental Agreements have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement or Area Development Agreement. This requirement has been imposed by the Illinois Attorney General's Office based on our financial condition.

INDIANA

Item 13 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

> No competing business for two (2) years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Massage Heights Franchising, LLC, 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232, or send a fax to Massage Heights Franchising, LLC at (210) 402-3228 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND SUPPLEMENTAL AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Representations in the Franchise Agreement and Supplemental Agreements are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement and Supplemental Agreements are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and franchisee questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

> No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 6.12 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

The following information is added to the cover page of the Franchise Disclosure Document:

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

The following is added at the end of Item 3:

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4:

Neither the Franchisor, its affiliate, its predecessor, officers or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for Franchisee to renew or extend," and Item 17(m), entitled "Conditions for Franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the "Summary" section of Item 17(d), titled "Termination by Franchisee":

You may terminate the agreement on any grounds available by law.

The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by Franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor's obligations under the Franchise Agreement.

The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of Forum", and Item 17(w), titled "Choice of Law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials_____ Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Massage Heights Franchising, LLC, 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232, or send a fax to Massage Heights Franchising, LLC at (210) 402-3228 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____ By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Massage Heights Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California	☐ Michigan	☐ Rhode Island
☐ Hawaii	☐ Minnesota	☐ South Dakota
☐ Illinois	☐ New York	☐ Virginia
☐ Iowa	☐ North Dakota	☐ Washington
☐ Indiana	☐ Ohio	☐ Wisconsin
☐ Maryland		

Dated: _____, 20____

FRANCHISOR:

MASSAGE HEIGHTS FRANCHISING, LLC

By: _____

Title: _____

FRANCHISEE:

_____

_____

By: _____

Title: _____

Rev. 031516

EXHIBIT G

MASSAGE HEIGHTS

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EXHIBIT H

CONTRACTS FOR USE WITH THE MASSAGE HEIGHTS FRANCHISE

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Massage Heights Business. The following are the forms of contracts that Massage Heights Franchising, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.

EXHIBIT H-1

MASSAGE HEIGHTS FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20___ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Massage Heights Franchising, LLC, a Texas limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Massage Heights business;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee **(enter into a successor franchise agreement)**, and Franchisor has consented to such transfer **(agreed to enter into a successor franchise agreement)**; and

WHEREAS, as a condition to Franchisor's consent to the transfer **(Franchisee's ability to enter into a successor franchise agreement)**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **(Franchisor entering into a successor franchise agreement)**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the franchise relationship, the Agreement and the offer and

sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Texas.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

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

FRANCHISEE:

_____, a

_____

By: _____

Name: _____

Its: _____

FRANCHISEE'S OWNERS:

Date _____

_____
Signature

_____
Typed or Printed Name

EXHIBIT H-2

MASSAGE HEIGHTS FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT
(for Franchise Officers, Directors, Managers and Designated Retreat Directors)

This System Protection Agreement ("Agreement") is entered into by the undersigned ("you" or "your") in favor of Massage Heights Franchising, LLC, a Texas limited liability company, and its successors and assigns ("us", "we" or "our"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"*Competitive Business*" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a Massage Heights business operating pursuant to a franchise agreement with us.

"*Copyrights*" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Massage Heights business or the solicitation or offer of a Massage Heights franchise, whether now in existence or created in the future.

"*Franchisee*" means the Massage Heights franchisee for which you are a manager or officer.

"*Franchisee Territory*" means the territory granted to you pursuant to a franchise agreement with us.

"*Intellectual Property*" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Massage Heights business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"*Manual*" means our confidential operations manual for the operation of a Massage Heights business, which may be periodically modified by us.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Massage Heights business, including "MASSAGE HEIGHTS," and any other trademarks, service marks, or trade names that we designate for use by a Massage Heights business. The term "Marks" also includes any distinctive trade dress used to identify a Massage Heights business, whether now in existence or hereafter created.

"*Prohibited Activities*" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or

franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"*Restricted Period*" means the two (2)-year period after you cease to be a manager or officer of Franchisee's Massage Heights business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the nine (9) month period after you cease to be a manager or officer of Franchisee's Massage Heights business.

"*Restricted Territory*" means the geographic area within: (i) a 15-mile radius from Franchisee's Massage Heights business (and including the premises of the approved location of Franchisee); and (ii) a 15-mile radius from all other Massage Heights businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 8-mile radius from Franchisee's Massage Heights business (and including the premises of the approved location of Franchisee).

"*System*" means our system for the establishment, development, operation, and management of a Massage Heights business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Massage Heights business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's Massage Heights business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's Massage Heights business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Massage Heights franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Texas, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other

covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date: _____

_____
Individually

OR:
(if a corporation or partnership)

_____
Company Name

Date: _____

By: _____
Title: _____

EXHIBIT H-3

MASSAGE HEIGHTS FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

(for Retreat and Franchise Employees, Independent Contractors, Agents, Representatives, and Suppliers)

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of Massage Heights Franchising, LLC, a Texas limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"*Copyrights*" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Massage Heights franchisees to use, sell, or display in connection with the marketing and/or operation of a Massage Heights Business, whether now in existence or created in the future.

"*Franchisee*" means the Massage Heights franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"*Intellectual Property*" means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Massage Heights Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"*Manual*" means our confidential operations manual for the operation of a Massage Heights Business.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Massage Heights Business, including "MASSAGE HEIGHTS" and any other trademarks, service marks, or trade names that we designate for use by a Massage Heights Business. The term "Marks" also includes any distinctive trade dress used to identify a Massage Heights Business, whether now in existence or hereafter created.

"*Massage Heights Business*" means a business that provides professional therapeutic massage and facial services to the general public through membership-based programs, and other related products and services using our Intellectual Property.

"*System*" means our system for the establishment, development, operation, and management of a Massage Heights Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Massage Heights Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Massage Heights Franchising, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Massage Heights franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of Massage Heights Franchising, LLC, you understand and acknowledge that your employer/employee, independent

contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Texas, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

EXHIBIT H-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	License No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	☐ Checking ☐ Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes Massage Heights Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____
Name: _____
Its: _____

Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT H-5

MASSAGE HEIGHTS FRANCHISE

SAMPLE APPROVAL OF REQUESTED TRANSFER

This Approval of Requested Transfer ("**Agreement**") is entered into this _____ day of _____, 20_____, between Massage Heights Franchising, LLC ("**Franchisor**"), _____ ("**Former Franchisee**") and _____ ("**New Franchisee**").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20_____ ("**Franchise Agreement**"), in which Franchisor granted Former Franchisee the right to operate a Massage Heights franchise located at _____ ("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Transfer**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Transfer of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Transfer of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Transfer, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("**Franchisor's Transfer Fee**").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing of a franchise agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Transfer of Franchised Business. Franchisor hereby consents to the Requested Transfer of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Transfer Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that all of Former Franchisee's rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the

termination, expiration, or transfer of the Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute Franchisor's current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Massage Heights franchise as stated in Franchisor's Franchise Disclosure Document.

6. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three (3) year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Transfer and any required actions regarding New Franchisee's signing of a new franchise agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

MASSAGE HEIGHTS FRANCHISING, LLC

By: _____

Title: _____

FORMER FRANCHISEE:

_____

By: _____

Title: _____

NEW FRANCHISEE:

_____

By: _____

Title: _____

Rev. 040516

EXHIBIT H-6

MASSAGE HEIGHTS FRANCHISE

LEASE ADDENDUM

This Addendum to Lease ("**Addendum**"), dated _____, 20___, is entered into by and between _____ ("**Lessee**"), and _____ ("**Lessor**").

A. The parties hereto have entered into a certain Lease Agreement dated _____, 20___, and pertaining to the premises located at _____ ("**Lease**").

B. Lessor acknowledges that Lessee intends to operate a Massage Heights franchise from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with Massage Heights Franchising, LLC ("**Franchisor**") under the name Massage Heights or other name designated by Franchisor (herein referred to as "**Franchised Business**" or "**Franchise Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Operations and Exclusivity. Lessor acknowledges that Lessee shall have the right to display Franchisor's trademarks according to Franchisor's specifications at the Premises, subject only to applicable law. Lessor and Lessee agree that the Premises may only be used for the operation of the Franchised Business. Lessor agrees Lessee shall be granted an exclusivity for providing professional therapeutic massage.

2. Assignment. Lessee shall have the right, without further consent from Lessor, to sublease or assign all of Lessee's right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof, in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1 or otherwise. No assignment shall be effective until a Franchise Assignee gives Lessor written notice of its acceptance of the assignment and assumption of the Lease. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to sublet or reassign the Lease to another Franchise Assignee without Lessor's consent in accordance with Section 4(a), in which event Franchisor shall be released of any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

3. Default and Notice.

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall contemporaneously give both Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. Franchisor shall have the right, but not the obligation, to cure the default during Lessee's cure period, plus an additional 15-day period. Franchisor will notify Lessor whether it intends to cure the default prior to the end of Lessee's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Massage Heights Franchising, LLC
13750 US Hwy 281 North, Suite 230
San Antonio, TX 78232

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

c. Following Franchisor's approval of the Lease, Lessee and Lessor agree not to terminate, alter, or amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, alteration, or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

d. Lessor shall provide Franchisor all sales and other information Franchisor requests relating to the Franchised Business' operation.

e. Lessor shall concurrently give both Lessee and Franchisor written notice of any Lease term or option expiration.

4. Termination or Expiration.

a. Upon Lessee's default and failure to timely cure under either the Lease or the Franchise Agreement, a Franchise Assignee designated by Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest under the Collateral Assignment of Lease or otherwise, provided such Franchise Assignee cures a default of the Lease no later than ten (10) days following the end of Lessee's cure period.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises, and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Massage Heights marks and system, and to distinguish the Premises from a Franchised Business.

c. If any Franchise Assignee purchases any assets of Lessee, Lessor shall permit such Franchise Assignee to remove all the assets being purchased, and Lessor waives any lien rights that Lessor may have on such assets.

5. Consideration; No Liability.

a. Lessor acknowledges that the Franchise Agreement requires Lessee to receive Franchisor's approval of the Lease prior to Lessee executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Lessor acknowledges Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor, and Lessee 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 Franchise Assignee, and that Lessor has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

6. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the parties hereto.

7. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

8. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month, and year first written above.

LESSOR:	**LESSEE:**
_____	_____
By: _____	By: _____
Title: _____	Title: _____

EXHIBIT H-6 Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ___ day of _____, 20___ ("**Effective Date**"), the undersigned, _____ ("**Assignor**") hereby assigns, transfers and sets over unto Massage Heights Franchising, LLC ("**Assignee**") all of Assignor's right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** ("**Lease**") with respect to the premises located at _____. This Collateral Assignment of Lease ("**Assignment**") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for the Massage Heights franchise between Assignee and Assignor ("**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee's sole discretion, to: (i) cure Assignor's default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee's rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

_____

By: _____

Its: _____

ASSIGNEE:

MASSAGE HEIGHTS FRANCHISING, LLC

By: _____

Its: _____

EXHIBIT H-7

MASSAGE HEIGHTS FRANCHISE

SAMPLE USE AND LICENSE AGREEMENT

This Use and License Agreement ("Agreement"), dated ___, 201__, is made by and between Massage Heights Franchising, LLC, a Texas limited liability company ("Licensor"), and _____ ("Licensee").

RECITALS

A. Licensor is the franchisor of the Massage Heights franchises and has purchased a master license for the use of software or developed software for the use in the operation of Massage Heights franchises, including any updates and revisions (the "Software"); and

B. Licensee has entered into a franchise agreement to operate a Massage Heights franchise (the "Franchise Agreement"); and

C. The Software is required for the operation of a Massage Heights franchise; and

D. Pursuant to the Franchise Agreement, Licensee is required to execute this Agreement and obtain a license to use the Software; and

E. Licensor wishes to grant certain rights and licenses to Licensee with respect to the Software, and Licensee wishes to obtain such rights and licenses with respect to the Software, on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Services. Licensor hereby grants a worldwide, non-exclusive, non-transferable, revocable, non-sublicenseable license to use the Software exclusively for the internal operations of a Massage Heights franchise and for no other purpose unless Licensee has received prior written consent from Licensor for such purpose. Licensor shall provide all documentation for the operation of the Software.

2. Term. Unless sooner terminated, the term of this Agreement and of the license granted herein will begin on the Effective Date and continue until the expiration or termination of the Franchise Agreement ("Term"). If Licensee renews its license to operate a Massage Heights franchise under a successor franchise agreement for the operation of a Massage Heights Retreat, Licensee must execute the then-current form of Use and License Agreement and by paying all fees and by complying with all terms and conditions set forth in the then-current form of Use and License Agreement. The Licensee acknowledges that the terms and conditions of the then-current form of Use and License Agreement may be substantially different from the terms and conditions of this Agreement, including without limitation increased Software License Fees.

3. Technical Requirements. Licensee agrees to comply with the applicable hardware, software and other technical and pre-setup requirements for Licensee's use of the Software as the Licensor may establish from time to time during the Term.

4. Software Support.

(a) Licensor shall provide technical support for the Software during normal business hours Monday through Friday. If additional support is needed during non-business hours, Licensor may provide such support at an additional fee to Licensee, availability permitting. Licensor will have the absolute right to contract with third parties to provide any or all maintenance and support services specified in this Agreement. If, in Licensor's absolute, exclusive and unrestricted judgment it is commercially not feasible to provide any maintenance or support services, Licensor will have the right to terminate any or all of such support or maintenance services.

(b) Certain locations may be susceptible to power outages and/or fluctuations that can cause a computer to crash or shut down. Licensee is responsible for the installation and maintenance battery backups systems and data backup. Licensor is not responsible for any such losses of data, nor does Licensor assume responsibility or liability for any losses or damages arising, directly, or indirectly, from Licensee's improper use or maintenance of the Software or hardware.

(c) Licensee is responsible for installing and maintaining updated anti-virus software at all times on any hardware that runs the Software.

5. Payment.

(a) Upon execution of this Agreement, Licensee shall pay to Licensor $2,000 which covers three months of initial service and the setup fee listed in Section 5.2. It is the express understanding of the parties that the Licensor shall sublicense or license the software to its franchisees. As compensation for the successful performance of the work and services to be performed hereunder, it is agreed that Licensee Massage Heights franchise shall directly pay a monthly fee of $500 to Licensor for use of the Software (the "Monthly Maintenance Fee"). Licensor reserves the right to increase the Monthly Maintenance Fee by a minimum of 3% per Massage Heights franchise location on the one-year anniversary of the operations of the Massage Heights franchise, and may again increase by a minimum of 3% on subsequent one-year anniversaries per franchise location throughout the term of this Agreement.

(b) All applicable fees are to be paid to Licensor via an ACH bank transfer, due on the 15th of each month or by the morning of the next business day. Any fees not received will be assessed a late fee penalty of $5.00 per day, per Retreat until said fees are paid in full.

(c) The Licensee will not, on grounds of the alleged nonperformance by Licensor of any of its obligations or for any other reason, withhold payment of any Software License Fees or payments due to Licensor pursuant to this Agreement or pursuant to any other contract, agreement or obligation. The Licensee will not have the right to "offset" any liquidated or unliquidated amounts, damages or other sums allegedly due to the Licensee by Licensor against any payments due to Licensor under this Agreement.

(d) If Licensor authorizes a sale of Licensee's Massage Heights franchise to a third party ("Transferee") Licensee must notify the Transferee that it will be obligated to enter into a new Use and License with Licensor, and that a license transfer fee of $500 will be required to be paid to Licensor.

(e) For purposes of this Agreement, software setup fees and Monthly Maintenance Fees will be collectively referred to as "Software License Fees." The Licensee acknowledges that it has agreed, pursuant to the Franchise Agreement, to obtain and maintain at all times such computer equipment and software (including without limitation, the most current version of the Software) as may from time to time be required by Licensor for use in the operation of the Licensee's Massage Heights franchise. The Licensee further acknowledges that future changes in technology and the opportunity and need to meet and surpass competition may necessitate that

Licensor upgrade the Software License Fees, due hereunder, to amounts reasonably sufficient to cover the costs of such upgrades and a reasonable return to Licensor on its investment in an administration of such upgrade. The Licensee further acknowledges that any upgrade to the Software may necessitate upgrades in the Licensee's hardware and third-party software required to operate the Software, which may result in additional costs or fees payable by the Licensee.

6. Access to Software and Information. The Licensee agrees that Licensor will at all times have the right to access the Software and its data, by modem, print-out of data or any other means selected by Licensor, for purposes of obtaining financial, sales, customer, listing, business, supplier, teaching and all other data and information contained, resident or otherwise available in the Licensee's computer system, for purposes of verifying compliance by the Licensee with the terms of this Agreement and the Franchise Agreement, and for such other purposes as may be determined by Licensor, in its absolute, exclusive and unrestricted judgment. Licensor will have the right to retain and use any information obtained by accessing the Licensee's Software for any purposes deemed appropriate by Licensor, in its absolute, exclusive and unrestricted judgment.

7. Licensee Training. Licensor shall conduct training sessions pursuant to the guidelines set forth in the Franchise Agreement. In addition, Licensee shall attend mandatory ongoing training sessions, at times and at such locations as Licensor shall establish.

8. Ownership. Licensee acknowledges that Licensor has the sole right to license and control Licensee's use of the Software. Licensee acknowledges that it has no ownership right into any data or information generated by the Software, including customer lists, customer data and other sales information. Licensee further acknowledges that it does not acquire any right, title or interest in the Software except as set forth herein. Licensor specifically retains all right, title and interest in and to all proprietary and intellectual property rights in and to the Software, including without limitation, trade secrets, data, customer lists, copyrights, trademarks, patents, functionality and business methodology embodied therein, and the like. All rights not expressly granted to Licensee herein are specifically reserved to Licensor. Upon termination of this Agreement, Licensee shall have no right to utilize the Software or any data generated by the Software.

9. Restrictions on Use.

(a) Licensee may not decompile, reverse compile, reverse engineer, reverse assemble or otherwise derive a source code equivalent for the Software. In addition, Licensee may not copy the Software without the Licensor's written consent. Licensee may not download any portion of the Software except as the Licensor may expressly permit or instruct. Licensee may not permit any third party access to the Software, and may use the Software only on computers for which Licensee controls access to the Software. Licensee may not assign, transfer, sell, rent, license, sublicense, or grant any rights to or interests in the Software to any corporation, partnership or other business entity or any other person. Licensee may not, at any time, use or exploit or authorize any third party to use or exploit, any of Software's content or data. Licensee will comply with all terms and conditions packaged or accompanying any third party software furnished to Licensee under this Agreement.

(b) Licensee is prohibited from printing or copying (including, without limitation, for back-up, training, testing or disaster recovery), in whole or in part, the Software except to the extent expressly permitted in advance in writing by Licensor, which permission Licensor may withhold in its sole discretion. Any back-up training, testing or disaster recovery system intended to be or used by Licensee must be approved in advance in writing by Licensor, which approval Licensor may withhold in its sole discretion. Licensee acknowledges and agrees that any and all diskettes, CDs or any other physical embodiments or media, including, but not limited to, authorized and unauthorized copies, of the Software are the sole and exclusive property of Licensor. Any authorized copies of the Software must contain appropriate proprietary and trade secret, copyright, trademark or other applicable legends as designated by Licensor. Except as otherwise set forth in this Agreement, Licensee shall store, secure and prevent access to each physical embodiment of the Software. Licensee shall not

use the name of Software or refer to Software directly or indirectly in any papers, articles, advertisements, sales presentations, news releases or releases to any third party without the prior written approval of Licensor for each such use. You may not release the results of any performance or functional evaluation of any portion of the Licensed Software to any third party.

10. Exclusion of Warranties. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, LICENSOR DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE SOFTWARE, OR ANY COMPONENT OF THE FOREGOING, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, CORRECTNESS, COMPLETENESS, COMPREHENSIVENESS, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE (IRRESPECTIVE OF ANY COURSE OF DEALING, CUSTOM OR USAGE OF TRADE), OR ANY REPRESENTATION THAT THE SOFTWARE WILL MEET LICENSEE'S REQUIREMENTS OR THAT THE LICENSEE'S OR ANY APPROVED LICENSEE'S USE THEREOF WILL BE UNINTERRUPTED OR ERROR-FREE, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES.

11. Limitation of Liability. LICENSOR SHALL HAVE NO LIABILITY TO LICENSEE OR TO ANY APPROVED FRANCHISEE WITH RESPECT TO LICENSOR'S OBLIGATIONS UNDER THIS AGREEMENT OR OTHERWISE FOR CONSEQUENTIAL, EXEMPLARY, SPECIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES, OR ANY LOSS OF PROFIT, REVENUE, DATA OR GOODWILL, WHETHER INCURRED OR SUFFERED AS A RESULT OF ANY ERRORS, DEFECTS OR NON-FUNCTIONING OF THE SOFTWARE PRODUCTS OR OTHERWISE, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL LICENSOR'S AGGREGATE LIABILITY HEREUNDER FOR ANY CAUSE IN ANY CALENDAR YEAR ARISING OUT OF OR RELATED TO LICENSOR'S PERFORMANCE OR NON-PERFORMANCE UNDER THIS AGREEMENT OR OTHERWISE EXCEED THE AMOUNT OF THE MONTHLY MAINTENANCE FEES PAID HEREUNDER TO LICENSOR IN THE CALENDAR YEAR IN WHICH SUCH DIRECT DAMAGES ARE INCURRED. THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION OR CLAIMS IN THE AGGREGATE INCLUDING WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF LIMITED WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATION AND OTHER TORTS.

12. Remedies for Third Party Infringement. In the event the Software is held by any court of competent jurisdiction to infringe the rights of a third party or to violate a patent, and its use is enjoined, Licensor shall have the obligation, at its expense, to (i) modify the infringing Software, without impairing in any material respect its functionality, so that it is non-infringing or non-violative, or (ii) procure for Licensee the right to continue to use the infringing Software for any remaining unexpired portion of the Term, or (iii) replace the infringing Software with equally suitable non-infringing software. The foregoing is Licensee's sole remedy for infringement. If Licensor is unable to make any of the foregoing alternatives available to Licensee, Licensee shall receive a rebate of a prorated portion of the License fee charged hereunder, representing the fee due for the remaining unexpired portion of the Term.

13. Confidentiality; Non-Disclosure. Licensee agrees that the Software contains valuable proprietary information and that, except for those rights conveyed in this Agreement, Licensee retains no ownership rights in the Software. During the term of this Agreement, Licensee shall maintain the confidentiality of this information and not disclose the same to any third party or use it except as authorized by this Agreement. Licensee shall have no obligation of confidentiality or non-use with regard to information which (i) is or becomes a part of the public domain through no act or omission of Licensee, (ii) was in the Licensee's lawful possession prior to the disclosure thereto and had not been obtained by Licensee either directly or indirectly from Licensor, (iii) is lawfully disclosed to Licensee by a third party without restrictions on disclosure, (iv) is independently developed by Licensee, or (v) is required to be disclosed by law.

14. Termination. This Agreement shall automatically terminate upon the termination or expiration of the Franchise Agreement. The Licensor may terminate this Agreement: (a) without notice at any time if Licensee is in default of the Franchise Agreement; (b) if Licensee fails to pay the Monthly Maintenance Fee when due and such failure continues unremedied for five days; (c) upon ten days' written notice of Licensee's failure to comply with any other term of this Agreement if such failure is not remedied within ten days following such notice. In the event of termination, and without limiting Licensor's remedies hereunder, Licensee shall be responsible for payment of all past due Monthly Maintenance Fees and charges up to the date of such termination.

15. Third Party Beneficiary. Licensee understands, acknowledges, and agrees with Licensor that Licensor, and its affiliates, assigns and designees (which may include the creator of the Software) are an intended third party beneficiary of the terms and conditions of this Agreement.

16. Restriction on Assignment. Licensee may not assign its rights or delegate its duties under this Agreement without the prior written consent of Licensor, which may be withheld in its sole and absolute discretion. Licensor reserves the right to assign its rights and obligations under this Agreement to a third party.

17. Jurisdiction; Applicable Law. This Agreement shall be construed in accordance with the substantive laws of the State of Texas. Any controversy or claim arising out of this Agreement will be settled by arbitration in San Antonio, Texas, pursuant to the Commercial Arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any count having jurisdiction thereof.

18. Notices. All notices required to be given under this Agreement shall be in writing and shall be transmitted either by personal delivery, reliable overnight courier (such as Federal Express), or through the facilities of the United States Post Office, postage prepaid, certified or registered mail, return receipt requested, or by confirmed facsimile transmission. Any such notice shall be effective upon delivery, if delivered by confirmed facsimile transmission or by personal delivery or overnight courier, and 72 hours after dispatch, if mailed in accordance with the above. Notices to the respective parties shall be sent to the following addresses unless written notice of a change of address has been previously given pursuant hereto:

To Licensor: Massage Heights Franchising, LLC
13750 U. S. Hwy. 281 North, Suite 230
San Antonio, TX 78232

To Licensee: _____
_____
_____
_____

19. Waiver. No waiver or breach of any provision of this Agreement by Licensor will constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver will be effective unless made in writing and signed by an authorized representative of Licensor.

20. Entire Agreement. This Agreement and exhibits or addenda, along with the Franchise Agreement, contain the entire understanding of the parties with respect to the transactions and matters contemplated hereby and this Agreement supersedes all previous agreements concerning the subject matter. This Agreement cannot be amended except by a writing signed by both parties. Nothing in this Agreement is intended to disclaim anything contained in the Franchise Disclosure Document.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first above written.

LICENSOR:

MASSAGE HEIGHTS FRANCHISING, LLC

Date: _____ By: _____

Title: _____

LICENSEE:

Date: _____ _____
Individually

Date: _____ _____
Individually

OR:
(if a corporation or partnership)

_____
Entity name (if any)

By: _____

Title: _____

EXHIBIT H-8

MASSAGE HEIGHTS FRANCHISE

SAMPLE SBA ADDENDUM

TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 201__, by and between Massage Heights Franchising, LLC ("Franchisor"), located at 13750 US Hwy 281 N, Suite 230, San Antonio, Texas 78232, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

AUTHORIZED REPRESENTATIVE OF FRANCHISOR:

MASSAGE HEIGHTS FRANCHISING, LLC

By: _____

Printed Name: _____

AUTHORIZED REPRESENTATIVE OF FRANCHISEE:

_____
(Entity Name)

By: _____

Printed Name: _____

By: _____

Printed Name: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT I

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Massage Heights Franchising, LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement and Area Development Agreement, if applicable, for the operation of a Massage Heights franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and Area Development Agreement, if applicable.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

l.	Yes__	No__	Have you received and personally reviewed the Franchise Agreement and Area Development Agreement, if applicable, and each attachment or exhibit attached to it that we provided?
2.	Yes__	No__	Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3.	Yes__	No__	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4.	Yes__	No__	Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, if applicable?
5.	Yes__	No__	Have you reviewed the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, if applicable, with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6.	Yes__	No__	Have you had the opportunity to discuss the benefits and risks of developing and operating a Massage Heights Franchise with an existing Massage Heights franchisee?
7.	Yes__	No__	Do you understand the risks of developing and operating a Massage Heights Franchise?
8.	Yes__	No__	Do you understand the success or failure of your Massage Heights Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9.	Yes__	No__	Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and Area Development Agreement, if applicable, must be arbitrated in Texas, if not resolved informally or by mediation?

10. Yes__ No__ Do you understand that you must satisfactorily complete the initial training program before we will allow your Massage Heights Franchise to open or consent to a transfer of the Massage Heights Franchise to you?

11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Massage Heights Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and Area Development Agreement, if applicable, and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Massage Heights Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

14. Yes__ No__ Do you understand that the Franchise Agreement and Area Development Agreement, if applicable, including each attachment or exhibit to the Franchise Agreement and Area Development Agreement, if applicable, contains the entire agreement between us and you concerning the Massage Heights Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement and Area Development Agreement, if applicable, or the attachments or exhibits to the Franchise Agreement and Area Development Agreement, if applicable, will not be binding?

15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

(Signatures on following page)

Signature of Franchise Applicant	Signature of Franchise Applicant
Name (please print)	Name (please print)
Date _____	Date _____

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

EXHIBIT J

RECEIPT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Massage Heights 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.

Under Iowa law, if applicable, Massage Heights Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Massage Heights Franchising, LLC to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Massage Heights 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, DC 20580, and the appropriate state agency identified on Exhibit E.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Glenn Franson, 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232 and (210) 402-0777
Shane Evans, 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232 and (210) 402-0777
Bret Franson, 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232 and (210) 402-0777
Kevin Hogan, 7935 B Wright Road, Houston, TX 77041 and (888) 909-0974

Issuance Date: April 19, 2017

I received a disclosure document issued April 19, 2017 which included the following exhibits:

Exhibit A Financial Statements
Exhibit B Franchise Agreement
Exhibit C Area Development Agreement
Exhibit D List of Current and Former Franchisees
Exhibit E List of State Administrators/Agents for Service of Process
Exhibit F State Addenda and Agreement Riders
Exhibit G Franchise Operations Manual Table of Contents
Exhibit H Contracts for use with the Massage Heights Franchise
Exhibit I Franchise Disclosure Questionnaire
Exhibit J Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

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Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Massage Heights Franchising, LLC, 13750 US Hwy 281 North, Suite 230, San Antonio, TX 78232.