FRANCHISE DISCLOSURE DOCUMENT

Ra Yoga Franchising Group LLC
a Ra Yoga Franchising Group LLC
limited liability company
3077 Bristol St Suite A, Costa Mesa CA 92626
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rayoga.com

A Ra Yoga Franchise Business offers yoga classes, therapy, and private instruction.

The total investment necessary to begin operation of a Ra Yoga Franchised Business is $327,850 to $813,500. This includes $47,000 to $50,000 that must be paid to the franchisor and its affiliate(s).

The total investment necessary to begin operation of a Ra Yoga Area Developer Franchise is $363,850 to $944,500. This includes between $83,000 and $195,000 that must be paid to the franchisor and its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Robert Kittleman at 3077 Bristol St Suite A, Costa Mesa CA 92626 and 714-369-9293.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contracts 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: May 12, 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 H 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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. 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 represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: See the 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. The effective date, which this Franchise Disclosure Document was registered or an exempt from registration, is listed in the right column in the table below. If no date is listed, a filing for registration or exemption has not been filed and/or the filing has not been declared effective.

California:	_____
Connecticut:	Trademark Exempt
Hawaii:	_____
Illinois:	_____
Indiana:	_____
Maine:	Trademark Exempt
Maryland:	_____
Michigan:	_____
Minnesota:	_____
New York:	_____
North Carolina:	Trademark Exempt
North Dakota:	_____
Rhode Island:	_____
South Carolina:	Trademark Exempt
South Dakota:	_____
Virginia:	_____
Washington:	_____
Wisconsin:	_____

This Disclosure Document is not required to be registered in the following states, but an exemption has been filed as required by the state's business opportunity laws and this Disclosure Document is effective as of the date specified below:

Florida:	_____
Kentucky:	_____
Nebraska:	_____
Texas:	_____
Utah:	_____

For all other states, this Disclosure Document is Effective: May 12, 2017

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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor.

To simplify the language in this disclosure document, "Ra Yoga Franchising Group LLC," "Ra Yoga," "we" or "us" means Ra Yoga Franchising Group LLC the franchisor. "You" means the business entity that buys the franchise, and includes each partner, shareholder, member, or another owner of that entity. Ra Yoga Franchising Group LLC is a California limited liability company formed on April 15, 2017. Our principal office is located at 3077 Bristol St Suite A, Costa Mesa CA 92626. Our agents for service are listed in EXHIBIT H.

Predecessors, Parents, and Affiliates.

We have not had any predecessors during the 10-year period immediately before the close of our most recent fiscal year.

We do not have any parents.

We do not have any parents or affiliates that offer franchises in any line of business.

Ra Yoga LLC, our affiliate, is the exclusive provider of the branded apparel to Ra Yoga franchisees.

We do not have any parents or affiliates that provide any other products or services to the Ra Yoga franchisees.

Our Other Business Activities.

We do not offer franchises in any other line of business. We do not provide any products or services to our franchisees.

Our Business and the Franchise Offered.

We believe yoga is a transformative journey, not just a physical practice, but an opportunity to find your own authentic light. Ra is an ancient Egyptian sun god; Patron of the sun, warmth, growth, creative power, and light. Ra's community is rooted in this spirit. Ra Yoga offers 14 styles of yoga in private sessions, classes, and training.

We do business under the name Ra Yoga and no other names. All Ra Yoga franchised businesses specialize in offering yoga classes, therapy, and private instruction. We offer the franchise under the form of franchise agreement attached to this disclosure document (the "Franchise Agreement"). Ra Yoga Franchised Businesses must provide all and only Ra Yoga products and services unless we consent in writing.

If you desire and qualify to develop multipliable Ra Yoga Franchised Businesses, we offer the opportunity to enter into an Area Development Agreement with us (the "Area Development Agreement"). Under an Area Developer Agreement, you are granted the ability to develop multiple Ra Yoga Franchised Businesses within a designated area (the "Development Area") in accordance with a

development schedule specified in the Area Development Agreement (the "Development Schedule"). Our current form of Area Development Agreement is attached as Exhibit "A" to this Disclosure Document.

For each Franchised Business that you open, you must sign a then-current form of Ra Yoga Franchise Agreement. If you have not timely open Franchised Businesses per the Development Schedule, we may terminate the Area Development Agreement, you will lose the ability to develop other Ra Yoga Franchised Businesses under the Area Developer Agreement, we may keep the full development fee, which you paid; however, the Franchise Agreements for the Ra Yoga Franchised Business already opened will not be terminated, because you did not follow the Development Schedule.

We may continue to develop new products and services, but we are not obligated to do so. If we do develop new products or services, we may offer you the opportunity to provide such products or services, but we are not required to offer you such opportunity, and if we do, we may require you to take additional training, pay additional fees, sign additional agreements or meet other requirements.

As a Ra Yoga franchisee, you will use specialized business formats and systems, called the "System," which we may modify, supplement, and update. You will use certain service or trademarks and other commercial symbols referring to as the Ra Yoga brand, products, and services, which we call the "Marks."

You have no obligation or right, to open any additional Ra Yoga Franchised Businesses unless you sign an Area Development Agreement.

Industry-Specific Regulations.

In addition to laws governing business generally, such as the Americans with Disabilities Act, Federal Wage, and Hour Laws, and the Occupation, Health and Safety Act, your Ra Yoga Franchised Business will be subject to and have to comply with employee and independent contractor laws. There is much debate currently as to whether or not yoga instructors should be classified as independent contractors or employees. It is a major gray area in classification status as teacher tend to teach at competitors, set their own schedules to a degree and sell their yoga services to the studio's clientele in the form of privates.

There may also be state and local statutes, regulations, laws, licensure requirements, and ordinances specific to your state or local area. It is your responsibility to investigate and comply with all laws affecting your Franchised Business.

General Description of the Market and Competition.

The yoga industry is developing and is fairly completive. Ra Yoga competitors include Corepower Yoga, and YogaWorks are the two largest yoga competitors, but there are thousands of other "mom and pop" studios that exist in most markets across America. The yoga classes, therapy, and private instruction business is not seasonal.

The target audience for Ra Yoga businesses is the public. Ra Yoga's 14 styles of yoga tends to be most popular with young professionals and more mature individuals that have an existing fitness practice. Our

14 styles are designed to allow largest amounts of people in the public to discover the healing and transformative benefits of yoga.

Prior Business Experience.

Ra Yoga LLC, our affiliate, has operated businesses like the Ra Yoga franchises being offered in this disclosure document since 2011..

We have never operated the kind of business that is being offered in this franchise disclosure document. We began offering the franchises being offered in this disclosure document May 12, 2017.

ITEM 2 BUSINESS EXPERIENCE

Robert Kittleman, Founder and CEO

Robert Kittleman is and has been our Founder and CEO since our inception in April of 2017. Mr. Kittleman is also and has been the Founder of our affiliates Ra Yoga LLC and Ra University since March of 2011 and January 2013, respectively. Also concurrently, Mr. Kittleman is and has been the sole operator of Kittleman Consulting with a principal address of 930 W Berkeley from May 2011 to present. Mr. Kittleman is and has been employed by Pro Unlimited for consulting work with Epson America from May 2011 to present.

Jennifer vande Hei, Co-Founder and Chief Yoga Officer

Jenny Vande Hei is and has been our co-founder and chief yoga officer since our inception in April of 2017. Mrs. Vande Hei is also and has been the co-founder of our affiliates Ra Yoga LLC and Ra University since March of 2011 and January 2013, respectively.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee.

The Ra Yoga initial franchise fee is $45,000. The initial franchise fee is uniformly charged for all franchises currently being offered. You must pay the initial franchise fee in full when you sign the franchise agreement. The initial franchise fee is considered fully earned and is nonrefundable.

Area Development Fee.

The area development fee is $36,000 per additional franchises for stores 2-5. The Development Fee is due and payable ½ upon signing area development agreement and ½ upon signing franchise agreement. The Area Develop Fee is uniformly charged for all area development agreements currently being offered. The area development fee is considered fully earned and nonrefundable upon payment.

Other Initial Fees.

You must purchase Ra Yoga brand apparel inventory from Ra Yoga LLC, our affiliate, which ranges between $2,000 and $5,000. The brand apparel inventory is charged uniformly to all franchisees and is nonrefundable.

We reserve the option to discount initial fees, discontinue discount(s) offers at any time or offer new discounts in the future.

The initial fees are not refundable under any circumstances. Except as explained and listed above, the Initial fees are uniformly calculated for all Franchised Businesses currently being offered.

ITEM 6 OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of gross revenue[1] or $1,500 commencing 6 months after opening franchise location, whichever is greater	15th of each month	Royalty Fees are payable by electronic funds transfer.
Advertising Contributions	1% of Gross Revenue	15th of each month	Advertising Contributions are contributions to the National Advertising Fund payable by electronic funds transfer.
Local Advertising	Variable[2]	As incurred	Local advertising is money expended by you to promote your Franchised Business locally.
Advertising Cooperative	Variable	As incurred	The amount is determined by the Cooperative but will not exceed the

Name of Fee	Amount	Due Date	Remarks
			amount equal to the Marketing Contribution.
Late Fees	$150	Upon demand	A late fee must be paid on any payment to us that is more than 5 days late.
Interest	Highest legal rate not to exceed 5% per annum	Upon demand	In addition to the Late Fee, interest is assessed on any payment to us that is more than 30 days late. The interest accrues from the date the payment was due.
Insurance[3]	Amount of premium paid by Ra Yoga Franchising Group LLC plus 20%	Upon demand	If you do not purchase insurance coverage as required, you must reimburse us this amount to secure insurance coverage.
Additional Training and Meeting Fees	$0 to $1,500 per person plus travel expenses	Upon your registration for program or meeting	For training beyond the initial training, you must pay the current training fee.
Transfer Fee	$12,500	Prior to transfer of franchise	Transfer includes any sale, assignment, conveyance, giving away, pledging, mortgaging, or otherwise encumbering any interest in ownership in the Franchised Business assets outside of the normal course of business or ownership rights.
Renewal Franchise Fee	25% of the then current Initial Franchise Fee	At least 9 months before the expiration of the franchise	In addition to paying this fee, other conditions must be met as listed in the Franchise Agreement.
Interim Franchise Royalty Fees	Franchisor's then-current Royalty Fee plus 2%	15th of each month when applicable	An Interim Franchise Fee applies if your Franchise Agreement expires, no renewal franchise agreement is signed, and you continue operation of the Franchised Business.
Audit	All costs of inspection and audit	Upon demand	You must reimburse us audit expenses if an audit reveals you under-reported Gross Revenues by 3% or more
Cost of Enforcement	Cost including attorney fees	Upon demand	You must reimburse us for all costs to enforce obligations under the Franchise Agreement if we prevail.

Name of Fee	Amount	Due Date	Remarks
Indemnification	Cost including attorney fees	Upon demand	You must defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business.
Sales/Use Taxes[4]	Variable	Payable with your royalty fee or advertising fee payments	You must pay any state or local sales or use tax that may be assessed on fees paid to us.

Notes:

[1] "Gross Revenues" means any and all money and other consideration you receive in connection with the ownership or operation of your Franchised Business and from the sale of any authorized products and services or from the sale of any goods or services under the Marks. Gross Revenues do not include sales or excise taxes that are separately stated and that you are required to collect from customers and pay to a governmental taxing authority.

[2] Local Advertising is the amount that you must spend to promote your business in your Territory. You are required to spend $1,000.

[3] You must obtain and maintain the types and amounts of insurance coverage per Ra Yoga standards. We must be named as an additional insured on these policies. We estimate that the average annual cost for the required insurance coverage will be $2,000 to $4,000. The premium is typically due prior to the effective date of the coverage unless your insurance company offers installment payment terms. Insurance costs will vary depending upon the location, size and capacity of your Franchised Business, staff, and other factors, and may change from time to time due to changes in insurance rates. You must also maintain workers' compensation coverage and any other insurance that may be required by law in your territory. The cost for worker's compensation coverage and other insurance is not included in the above chart.

[4] The royalties or other fees you pay to us may be entirely or partially subject to state or local sales or use tax, depending upon the laws in your state. If we are required to pay these taxes in your state, you must add the tax to you pay us.

All fees are nonrefundable and uniformly imposed on all new franchisees. Some franchisees under future versions of our franchise agreement may be obligated to pay more, less, or different fees than what is listed here.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee	$45,000	Lump sum via Check or Wire	Upon Signing the Franchise Agreement	Us
Leasehold Improvements[1]	$120,000 to $400,000	As incurred	Before Beginning Operations	Lessor
Real Estate/Rent[2]	$11,250 to $28,000	As Incurred	Before Beginning Operations	Lessor
Utility Deposits[3]	$0 to $1,000	As Incurred	Before Beginning Operations	Utilities
Furniture, Fixtures & Equipment[4]	$30,000 to $70,000	As Incurred	Before Beginning Operations	Us and/or Suppliers
Initial Inventory[5]	$5,000 to $1,5000	As Incurred	Before Beginning Operations	Us and/or Suppliers
Insurance[6]	$2,000 to $4,000	As Incurred	Before Beginning Operations	Insurance Companies
Signage[7]	$2,000 to $8,000	As Incurred	Before Beginning Operations	Us and/or Suppliers
Office Equipment & Supplies[8]	$500 to $1,500	As Incurred	Before Beginning Operations	Us and/or Suppliers
Pre-Opening Expenses[9]	$ 1,000 to $2,500	As Incurred	Before Beginning Operations	Us and/or Suppliers

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Computer Equipment (Hardware, Software, POS System, etc.)[10]	$3,500 to	$5,000	As Incurred	Before Beginning Operations	Us and/or Suppliers
Training[11]	$5,000 to	$7,500	As Incurred	Before Beginning Operations	Airlines, Hotels, other Suppliers
Licenses & Permits[12]	$1,000 to	$3,000	As Incurred	Before Beginning Operations	Licensing Authorities
Legal & Accounting[13]	$1,600 to	$3,000	As Incurred	Before Beginning Operations	Attorney, Accountant
Additional Funds – three months[14]	$100,000 to	$175,000	As Incurred	As Necessary	Us, Suppliers, Locations, Lessor, Etc.
TOTAL	**$327,850 to**	**$813,500**			

Notes:

1 The low figure assumes tenant improvement contributed by the landlord of $30 per sq ft, a leased space that is lower than the average suggested space of 3,500 sq ft and a space that has existing infrastructure/layout that be leverage to produce a high functioning yoga studio. A leased space with an adequate sewer and water lines, electrical layout that can be modified to meet requirements with minimal new runs, and a mechanical (air flow) setup that be easily modified to service studio rooms are keys to minimizing buildout expenses

2 The site for your Franchised Business is a real property space, which is 3,000 square foot space within a shopping center with sufficient parking. We recommended a minimum parking lot of 25 spots per 1,000 sq ft leased. Yoga is an ”off peak” activity with major parking usage happening before 9 am and after 5:00 pm The upper estimate is based on an assumption that You will have to pay a higher security

deposit and the lower estimate is based upon a lower security deposit. Some lessors may refund the security deposit if You cancel the lease before You occupy the sites.

3 If You are a new customer of Your local utilities, you will generally have to pay deposits to obtain services, including electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary on the local utilities. You should contact Your local utilities for more information.

4 You must purchase and/or lease and install furniture, fixtures and equipment and décor necessary to operate Your Business from Us, Our affiliate, or an approved supplier. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors. We do not know if the amounts You pay for furniture, fixtures or equipment are refundable. Factors determining whether furniture, fixtures and equipment are refundable typically include the condition of the items, level of use, length of time of possession and other variables. You should inquire about the return policy of the suppliers at or before the time of purchasing or leasing. We reserve the right to require that You purchase Your furniture, fixtures and equipment from Us or Our affiliate.

5 You must purchase an initial inventory for Your Business. You pay for other inventory items are refundable. Factors determining whether other inventory items are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. You will be required to purchase some or all of the initial inventory for Your Business from Us, the Company or an approved supplier.

6 You must purchase insurance in the following amounts and coverage: (a) General Liability Insurance in the amount of $2,000,000; (b) Automobile Insurance in the amount of $1,000,000; (c) Property Insurance in the amount of $500,000; (d) Business Interruption Insurance in the amount of $500,000; (e) Theft Insurance in the amount of $30,000; and (f) Building Insurance in an amount of $300,000. The amounts You pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

The insurance will not be limited in any way because of any insurance We maintain. Maintenance of the required insurance will not diminish Your liability to Us under the indemnities contained in the franchise agreement. The policy or policies will insure against Our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against You.

We may require You to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

Your insurance policies must insure Us, You, and Our respective affiliates, subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to Your operation of Your Business. Your policies of insurance will contain a separate endorsement naming Us and Our affiliates as additional named insureds. You are required to submit an insurance certificate to Our office on an annual basis.

7 This amount includes the cost of all signage used in Your Business. The signage requirements and costs will vary based upon the size and location of the Site, local zoning requirements, landlord requirements and local wage rates for installation. The amounts You pay for signage are typically non-refundable. You

should inquire about the return and refund policy of the suppliers at or before the time of purchase. We must approve all signage before You order it.

8 You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect Your cost of office equipment and supplies include market conditions, competition amongst suppliers and other factors. We do not know if the amounts You pay for office equipment and supplies are refundable. Factors determining whether office equipment and

supplies are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

9 Included in this estimate are expenses related to pre-opening payroll, cleaning and preparation, telephone and other communication expenses, and electricity.

10 You must purchase the computer equipment, hardware and software necessary for operating the franchise. We currently require you to have a minimum of 4 terminals (tablets): 2 for point of sale and 2 for new student signups; one shared printer; and one shared receipt printer as well. and use MindBody Software cloudbased customer/class management system, Sub Sync App. We do not know if the amounts You pay for the computer equipment may be refundable. The amounts You pay for computer equipment are typically non-refundable, or if refundable, may be subject to a "restocking" fee. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. You must use the POS system that We designate.

11 The cost of initial training for you and one manager is included in the Initial Franchise Fee. This amount reflects Your travel and stay expenses during the training period. You must pay Us additional tuition for additional trainees beyond You and Your designee at Our then-current rate, which is currently $1,500 per person per training, per person.

12 State and local government agencies typically charge fees for occupancy permits, operating licenses, health department licenses and construction permits. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

13 You will need to employ an attorney, an accountant and other consultants to assist You in establishing Your franchise. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

14 We recommend that You have a minimum amount of money available to cover operating expenses, including additional inventory, supplies, professional fees, and employees' salaries for the first 3 months that Your Business is open. These are only estimates based on Our affiliate's experience in opening and operating a similar business. The predominant factors for calculating the 3-month estimate are amounts paid for employee wages and inventory. We cannot guarantee that Our recommendation will be

sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

In compiling this chart, we relied on research and investigation regarding the operating history, knowledge and experience of similar Businesses. The amounts shown are estimates only and may vary for many reasons, including the size and condition of Your Site, the capabilities of Your management team, and Your business experience and acumen. These figures are estimates only and We cannot guarantee that You will not have additional expenses in starting the franchise.

The total figure listed in the table above does not include compensation for your time or labor. Nor does the total figure take into account any finance charges, interest, debt service, or other costs which you may incur to finance all or any portion of your investment. In addition to the initial investment itemized in the table above, you must have additional monies available, whether in cash or through a line of credit, or have other assets that you can liquidate or against which you can borrow, to cover your personal living expenses and any operating losses sustained during the initial phase of your business.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any of your initial investment. All amounts paid to us are nonrefundable. Typically, amounts paid to third parties will not be refundable unless agreed.

Area Developer

If you desire to purchase additional territories and qualify for Area Developer Agreement, your estimated initial Investment will be as follows

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee	$45,000	Lump sum via Check or Wire	Upon Signing the Franchise Agreement	Us
Area Development Fee[1]	$36,000 to $144,000	Lump Sum	One half upon signing the Area Developer Agreement and the remaining half with signing the	Us

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
			Franchise Agreement	
Leasehold Improvements[2]	$120,000 to $400,000	As incurred	Before Beginning Operations	Lessor
Real Estate/Rent[3]	$11,250 to $15,000	As Incurred	Before Beginning Operations	Lessor
Utility Deposits[4]	$0 to $1,000	As Incurred	Before Beginning Operations	Utilities
Furniture, Fixtures & Equipment[5]	$30,000 to $70,000	As Incurred	Before Beginning Operations	Us and/or Suppliers
Initial Inventory[6]	$5,000 to $1,5000	As Incurred	Before Beginning Operations	Us and/or Suppliers
Insurance[7]	$2,000 to $4,000	As Incurred	Before Beginning Operations	Insurance Companies
Signage[8]	$2,000 to $8,000	As Incurred	Before Beginning Operations	Us and/or Suppliers
Office Equipment & Supplies[9]	$500 to $1,500	As Incurred	Before Beginning Operations	Us and/or Suppliers
Pre-Opening Expenses[10]	$ 1,000 to $2,500	As Incurred	Before Beginning Operations	Us and/or Suppliers
Computer Equipment (Hardware, Software, POS System, etc.)[11]	$3,500 to $5,000	As Incurred	Before Beginning Operations	Us and/or Suppliers
Training[12]	$5,000 to $7,500	As Incurred	Before Beginning Operations	Airlines, Hotels,

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
				other Suppliers
Licenses & Permits[13]	$1,000 to $3,000	As Incurred	Before Beginning Operations	Licensing Authorities
Legal & Accounting[14]	$1,600 to $3,000	As Incurred	Before Beginning Operations	Attorney, Accountant
Additional Funds – three months[15]	$100,000 to $175,000	As Incurred	As Necessary	Us, Suppliers, Locations, Lessor, Etc.
TOTAL	**$363,850 to $944,500**			

1 If you desire and qualify for more than one Territory, Area Development Fee is $36,000 per additional franchises for stores 2-5. The upper range for 5 Franchises and the lower range is for 2 franchises.

2 The low figure assumes tenant improvement contributed by the landlord of $30 per sq ft, a leased space that is lower than the average suggested space of 3,500 sq ft and a space that has existing infrastructure/layout that be leverage to produce a high functioning yoga studio. A leased space with an adequate sewer and water lines, electrical layout that can be modified to meet requirements with minimal new runs, and a mechanical (air flow) setup that be easily modified to service studio rooms are keys to minimizing buildout expenses

3 The site for your Franchised Business is a real property space, which is 3,000 square foot space within a shopping center with sufficient parking. We recommended a minimum parking lot of 25 spots per 1,000 sq ft leased. Yoga is an "off peak" activity with major parking usage happening before 9 am and after 5:00 pm. The upper estimate assumes that You will have to pay a higher security deposit and the lower estimate is based upon a lower security deposit. Some lessors may refund the security deposit if You cancel the lease before You occupy the sites.

4 If You are a new customer of Your local utilities, you will generally have to pay deposits to obtain services, including electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary on the local utilities. You should contact Your local utilities for more information.

5 You must purchase and/or lease and install furniture, fixtures and equipment and décor necessary to operate Your Business from Us, Our affiliate, or an approved supplier. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors. We do not know if the amounts You pay for furniture, fixtures or equipment are refundable. Factors determining whether furniture, fixtures and equipment are refundable typically include the condition of the items, level of use, length of time of possession and other variables. You should inquire about the return policy of the suppliers at or before the time of purchasing or leasing. We reserve the right to require that You purchase Your furniture, fixtures and equipment from Us or Our affiliate.

6 You must purchase an initial inventory for Your Business. You pay for other inventory items are refundable. Factors determining whether other inventory items are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. You will be required to purchase some or all of the initial inventory for Your Business from Us, the Company or an approved supplier.

7 You must purchase insurance in the following amounts and coverage: (a) General Liability Insurance in the amount of $2,000,000; (b) Automobile Insurance in the amount of $1,000,000; (c) Property Insurance in the amount of $500,000; (d) Business Interruption Insurance in the amount of $500,000; (e) Theft Insurance in the amount of $30,000; and (f) Building Insurance in an amount of $300,000. The amounts You pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

The insurance will not be limited in any way because of any insurance We maintain. Maintenance of the required insurance will not diminish Your liability to Us under the indemnities contained in the franchise agreement. The policy or policies will insure against Our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against You.

We may require You to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

Your insurance policies must insure Us, You, and Our respective affiliates, subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to Your operation of Your Business. Your policies of insurance will contain a separate endorsement naming Us and Our affiliates as additional named insureds. You are required to submit an insurance certificate to Our office on an annual basis.

8 This range includes the cost of all signage used in Your Business. The signage requirements and costs will vary based upon the size and location of the Site, local zoning requirements, landlord requirements and local wage rates for installation. The amounts You pay for signage are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchase. We must approve all signage before You order it.

9 You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect Your cost of office equipment and supplies include market conditions, competition amongst suppliers and other factors. We do not know if the amounts You pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

10 Included in this estimate are expenses related to pre-opening payroll, cleaning and preparation, telephone and other communication expenses, and electricity.

11 You must purchase the computer equipment, hardware and software necessary for operating the franchise. We currently require you to have a minimum of 4 terminals (tablets): 2 for point of sale and 2 for new student signups; one shared printer; and one shared receipt printer as well. and use MindBody Software cloudbased customer/class management system, Sub Sync App. We do not know if the amounts You pay for the computer equipment may be refundable. The amounts You pay for computer equipment are typically non-refundable, or if refundable, may be subject to a "restocking" fee. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. You must use the POS system that We designate.

12 The cost of initial training for you and one manager is included in the Initial Franchise Fee. This amount reflects Your travel and stay expenses during the training period. You must pay Us additional tuition for additional trainees beyond You and Your designee at Our then-current rate, which is currently $1,500 per person per training.

13 State and local government agencies typically charge fees for occupancy permits, operating licenses, health department licenses and construction permits. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

14 You will need to employ an attorney, an accountant and other consultants to assist You in establishing Your franchise. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

15 We recommend that You have a minimum amount of money available to cover operating expenses, including rent, utilities, inventory, supplies, professional fees, and employees' salaries for the first 3 months that Your Business is open. These are only estimates based on Our affiliate's experience in opening and operating a similar business. The predominant factors for calculating the 3-month estimate are amounts paid for employee wages and inventory. We cannot guarantee that Our recommendation

will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

In compiling this chart, we relied on research and investigation regarding the operating history, knowledge and experience of similar Businesses. The amounts shown are estimates only and may vary for many reasons, including the size and condition of Your Site, the capabilities of Your management team, and Your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and We cannot guarantee that You will not have additional expenses in starting the franchise.

The total figure listed in the table above does not include compensation for your time or labor. Nor does the total figure take into account any finance charges, interest, debt service, or other costs which you may incur to finance all or any portion of your investment. In addition to the initial investment itemized in the table above, you must have additional monies available, whether in cash or through a line of credit, or have other assets that you can liquidate or against which you can borrow, to cover your personal living expenses and any operating losses sustained during the initial phase of your business. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any of your initial investment. All amounts paid to us are nonrefundable. Typically, amounts paid to third parties will not be refundable unless agreed.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Specifications

Every detail of Ra Yoga Franchised Businesses is important, not only to your Franchised Business but also to the us and other Ra Yoga franchisees, in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services offered by all franchisees, to establish and maintain a reputation for uniform, efficient, high-quality products and services, and to protect the goodwill of all Ra Yoga franchises, You agree to comply Ra Yoga uniform specifications, standards, operating procedures and rules for the development and operation of your Ra Yoga Franchised Businesses (collectively referred to as System Standards). System Standards are described in the Ra Yoga Manual and otherwise communicated to you. The Ra Yoga System and Manual is occasionally updated, supplemented, modified, and enhanced.

Current Specification

Below is a listing of Ra Yoga specifications and System Standards for the identified categories.

Insurance.

You must obtain and provide us with evidence of insurance in at least the minimum amounts and with the coverages as follows: (a) General Liability Insurance in the amount of $2,000,000; (b) Automobile Insurance in the amount of $1,000,000; (c) Property Insurance in the amount of $500,000; (d) Business Interruption Insurance in the amount of $500,000; (e) Theft Insurance in the amount of $30,000; and (f) Building Insurance in an amount of $300,000. The Franchisee shall maintain Workman's Compensation, Unemployment Compensation, disability insurance, social security and other similar types of insurance coverages in such amounts as may now or hereafter be required by any applicable law.

Evidence of this insurance must be initially provided at least 10 days before you begin operation of your Ra Yoga Franchise Business. A certificate of renewal must be provided no later than 10 days before the expiration date of each policy. Each required policy of liability insurance must name us as an additional insured and must provide that we will be given at least 30 days' notice before cancellation, modification or amendment of the policy.

Site of the Franchise Business.

The site for your Franchised Business is a real property space. You must use and get our approval for building plans The Site must be approved by us.

Supplies, Fixture, Equipment, Inventory.

All the equipment, supplies, fixtures, inventory, products for your Franchised Business must comply with Ra Yoga Standards and specifications.

Advertising**.**

You shall use, display, and publish the Ra Yoga Marks per System Specification. All of your Ra Yoga advertising in any medium must be conducted in a dignified manner, be completely accurate and truthful, and conform to all applicable laws and regulations relating to consumer advertising and Ra Yoga System Standards. You must submit to us and obtain our prior approval for all advertising and promotional plans and materials, and all other materials are displaying the Ra Yoga Marks. You may not use your advertising materials unless we issue you written approval to do so. Post submission to us, we shall within fifteen (15) days notify you of approval or disapproval of advertisements.

Computer System.

You must buy and use a minimum of 4 terminals (tablets): 2 for point of sale and 2 for new student signups; one shared printer; and one shared receipt printer as well.. You may not install, or permit to be installed, any devices, software or other programs not approved by us for use with the communication and information system. We may, from time to time, develop or authorize others to develop proprietary software programs for use in the Ra Yoga System, which you may be required to purchase or license, and use. You may be required to execute any license, sublicense, or maintenance agreement and pay any applicable fees including maintenance, upgrade and support fees required by us or any other approved licensor or approved supplier of such proprietary software programs.

Toll-Free Number.

We may establish a toll-free number for telephone service for customer calls that you will use if it is available in your area. We select the carrier for this service. We have the unrestricted right to change the carrier. You will pay monthly service fees and call fees to the carrier for this service. We receive no fees or other consideration in connection with the toll-free number. We may establish other toll-free numbers in the future, and you must use them if they are available in your area.

Designated and Approved Suppliers

We do not provide any products or services to our franchisees. Ra Yoga LLC is the exclusive provider of the branded apparel Ra Yoga franchisees.

For any product or service that we designate an approved supplier, you may not purchase these products and services from any other suppliers. We may designate new or different approved suppliers including designating ourselves or one of our affiliates as an approved supplier of any goods or services.

The criteria for designating approved suppliers include a supplier's ability to meet quality standards, availability, and consistency of the products or services. The criteria for the designating and approving suppliers is not published and is not made available to franchisees. Franchisees may not contract with alternative suppliers for designated products or services.

To approve a supplier, we require a sample of the product(s), information regarding the product or service's quality standards, availability, terms, and conditions of purchase, and other information as we may request. If desired we may request a physical inspection of the supplier's place of business or manufacturing facility. Upon submission of samples and information required for approval, we will provide notification within 30 days of our approval or disapproval of a supplier. As a condition of approval, we require the reimbursement of any costs or expenses we incur in approving the supplier. We may revoke the approval of any supplier upon 30 days' notice to franchisees.

We estimate that, assuming the estimated minimum initial costs to begin operations and other financial obligations are within the ranges described in Item 7 of this disclosure document, the proportion of your purchases and leases of goods and services from approved suppliers or of products that meet our specifications to be approximately 5% of all the purchases and leases in establishing your Ra Yoga Franchised Business and approximately 5% of your ongoing costs of operating your Ra Yoga Franchised Business.

Ra Yoga Franchising Group LLC did not derive any revenue from required purchases and leases to Ra Yoga franchisees or suppliers in the calendar year 2016. However, Franchisor reserves the right to derive revenues from you or vendors that provide services to Ra Yoga in the future.

Robert Kittleman, our Founder and CEO has a majority ownership stake in this sub sync software application

Currently, we do negotiate purchase arrangements, including price terms, with approved suppliers for the benefit of our franchisees.

Currently, there no formal or mandatory purchasing or distribution cooperatives, but we reserve the right to institute them in the future.

We do not provide a material benefit to franchisees based on a franchisee's purchases of particular products or services or use of particular suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

The Section references are to those in the Franchise Agreement and Area Development Agreement (ADA) unless otherwise noted.

Obligation	Section in Franchise Agreement	Item in This Disclosure Document
a. Site Selection and Acquisition/Lease	Article II	Item 11
b. Pre-Opening Purchases/Leases	Section V(B)	Items 7, 8 and 11
c. Site Development and Other Pre-Opening Requirements	Article V ADA Article III	Items 7 and 11
d. Initial and Ongoing Training	Article VI	Items 7 and 11
e. Opening	Section V(E) and Section V(F) ADA Article III	Item 11
f. Fees	Article IV ADA Article II	Items 5, 6, 7, 8 and 11
g. Compliance With Standards and Policies/Operating Manual	Article VII and Article XIV	Items 8 and 11
h. Trademark and Proprietary Information	Article XIII ADA Article V	Items 13 and 14
i. Restrictions On Products/Services Offered	Section VII(C)	Items 8 and 16
j. Warranty and Customer Service Requirements	Section VIII(G)	N/A
k. Territorial Development and Sales Quotas	None	N/A
l. Ongoing Product/Service Purchases	Article X, Article VII	Items 8 and 11
m. Maintenance, Appearance and Remodeling Requirements	Section V(H)	Item 8
n. Insurance	Article XII	Items 6 and 7
o. Advertising	Article XVI	Items 6, 7 and 11
p. Indemnification	Article XIII	N/A

Obligation	Section in Franchise Agreement	Item in This Disclosure Document
q. Owner Participation Management/Staffing	Section VIII(A)	Item 15
r. Records/Reports	Article XI	Item 6
s. Inspections/Audits	Section XI(B)	Item 6
t. Transfer	Article XVII ADA Article VII	Item 17
u. Renewal	Section III(B)	Item 17
v. Post-Termination Obligations	Article XIX	Item 17
w. Noncompetition Covenant	Article XX ADA Article IX	Item 17
x. Dispute Resolution	Article XXI ADA Article XI	Item 17
y. Other	None	None

ITEM 10 FINANCING

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

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

Except as listed below, Ra Yoga Franchising Group LLC is not required to provide you with any assistance.

Pre-Opening Obligations

1. The site for your Franchised Business is a real property space (Site). We do not select the site for your Franchised Business. We approve the Site for your Franchised Business (Section IV of the Franchised Agreement).

2. We provide approval for building plans the site of your Franchised Business. We do not deliver or install equipment for your site. (Section IV of the Franchised Agreement).

3. We will provide you with the standards, specifications, and designated and approved suppliers for all the equipment, supplies, products, and other materials you will need to operate the franchised business (Section VI of the Franchise Agreement).

4. We will provide a listing of all products and services that your Franchised Business may offer (Franchise Agreement Article VI).

5. We will provide final written approval prior to the opening of your Ra Yoga Franchised Business. You must open your Ra Yoga Franchised Business no later than 270 days after signing the Franchise Agreement (Section IV of the Franchise Agreement).

6. We will provide onsite assistance upon opening of your Franchised Business at a rate of $1,500 per person plus travel expenses (Section IV of the Franchise Agreement).

7. We approve the Designated Manager of your Franchised Business. We do not select or hire your employees. (Section VII of the Franchise Agreement).

8. We will provide you with an initial training program as further described in this item (Section V of the Franchise Agreement).

9. We will loan or make available to you a copy of Ra Yoga Manuals, which are confidential and will remain our property. We may modify the Operating Manuals from time to time, but the modification will not alter your status and rights under the Franchise Agreement. The total number of pages in the Operating Manuals is 150 (Section XIV of the Franchise Agreement). The table of contents is listed in EXHIBIT L.

After the Franchised Business Opens

1. The site for your Franchised Business is a real property space (Site). We do not select the site for your Franchised Business. We approve the Site for your Franchised Business (Section IV of the Franchised Agreement).

2. We provide approval for building plans for the site of your Franchised Business (Section IV of the Franchise Agreement).

3. We will maintain and provide updated standards, specifications, and designated and approved suppliers for all the equipment, supplies, products, and other materials you will need to operate the franchised business (Section VI of the Franchise Agreement).

4. We will maintain and provide updated listing of all products and services that your Franchised Business may offer (Franchise Agreement Article VI)

5. We will provide initial training for replacement staff and managers (Section V of the Franchise Agreement).

6. We may provide additional and on-going training for staff and managers (Section V of the Franchise Agreement).

7. We may organize an annual conference for all Ra Yoga franchises and staff (Section V of the Franchise Agreement).

8. If you do not resolve a dispute with a client, we may investigate the matter and resolve the dispute (Franchise Agreement VII).

9. We provide continuing assistance in operating your Ra Yoga Franchise Business (Section V of the Franchise Agreement).

10. We will loan or make available to you any updates and changes to the Ra Yoga Manuals (Section XV of the Franchise Agreement).

11. We will review your Ra Yoga advertising material (Section XV of the Franchise Agreement).

12. We provide recommended and suggested pricing for the Franchised Business products and services. You must fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional and other programs, initiatives and campaigns adopted by us that we require you to participate in (Section VI of the Franchise Agreement).

13. We approve any replacement Designated Manager of your Franchised Business. We do not select or hire your employees. (Section VII of the Franchise Agreement).

Advertising.

At your request, we will provide marketing consultation, general advertising strategy, promotional planning, and budgeting. We are not obligated to spend any amount of money on advertising in your Territory or area.

Your Advertising.

You must submit to us for our prior approval samples of all advertising and promotional plans, materials, and all other materials displaying the Marks and will prove you written approval or disapproval in 15 days. You may not use your own advertising materials or other materials which bear the Marks unless you have received our prior written approval.

You may not establish or maintain a domain name, an Internet website or web page that relates to or advertises your Ra Yoga Franchised Business or displays the Marks, as we reserve the exclusive right to control any websites or web pages concerning Ra Yoga Franchised Businesses and the Marks. We have the right to use and have ownership of any Franchisee developed advertising.

Local Advertising.

You must expend sufficient monies, resources, and conduct advertising and public relations within the local area to be to promote your Ra Yoga Franchised Business. Currently, we require you to spend $1,000 on local advertising (Local Advertising).

Regional and Local Advertising Cooperatives.

We may designate any geographical area in which at least two Ra Yoga Franchised Businesses are located for the purpose of establishing a local or regional marketing and advertising cooperative (Cooperative). Each Cooperative will be organized and governed in a manner approved by us in writing. If your Territory is with the geographic boundaries of a Region or Local Cooperate that we designate, you will be required to participate in the cooperative. The members of the Cooperative will determine the amount of the Cooperative Contribution, but the Cooperative Contribution may not exceed 1% of Gross Revenue unless the members of the Cooperative, by a majority vote, agree to a Cooperative Contribution greater than that amount. Within thirty days after the end of each calendar month, each Cooperative will prepare an unaudited statement of the Cooperative's financial position and results of operations of the Cooperative. Each member of the Cooperative will be entitled to receive a copy of the Cooperative's financial statements upon request. For each Ra Yoga business operated by us or our affiliates in a geographical area for which a Cooperative has been established, we will make a Cooperative Contribution on the same

basis as assessments required of comparable franchises that are members of the same Cooperative. You do not have the right to form, change, dissolve, or merge any advertising cooperative. The Advertising Cooperative shall be administered by us. There are currently no Advertising Cooperatives or governing documents available for your review.

Advertising Fund.

You are obligated to contribute up to 1% of Gross Revenue to the Ra Yoga Advertising Fund. All contributions to the Ra Yoga advertising fund are maintained in a separate account and may be used for maintaining, administering, researching, directing, and preparing advertising and/or promotional activities including, without limitation, the costs of preparing and conducting advertising campaigns, which may be local, regional or national, in various media; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; product development; and developing and providing promotional and other marketing materials for franchisees in the System. We are reimbursed for any labor or services that we provide to the fund and for any costs that we incur for or on behalf of the fund. We may loan the additional fund funds if needed. For each of our company-owned locations (if any), we will make contributions to the Advertising Funds on the same basis as assessments required of comparable franchises within the System. We will make available to any franchisee who contributes to the fund the unaudited financial statements of the fund after April 30 of each year. Except as disclosed above, neither we nor any affiliate of ours will receive any payment from the fund. We do not use any Advertising Fund dollars for soliciting new franchise sales. (Sections IV of the Franchise Agreement).

The Advertising Fund did not collect any contributions in 2016. If, however, excess amounts remain in the Advertising Funds at the end of year, the used monies shall be retained by the Advertising Fund and all expenditures in the following year(s) shall be made first out of accumulated earnings from previous year(s), next out of earnings in the current year, and finally from contributions.

Franchise Advisory Council.

We may establish a Franchise Advisory Council. The purpose of the Franchise Advisory Council is to facilitate communication between our franchisees and us, which will lead to mutual growth, development, and profitability of the entire Ra Yoga System. You shall participate, at your sole expense, in local, regional and national franchise advisory committees or councils if established or sanctioned by us. The Council serves in an advisory capacity only and does not have the authority to establish or modify our policies. We have the power to determine membership, the election of Council Officers and change or dissolve the Franchise Advisory Council.

Computer Requirements.

You must buy and use a minimum of 4 terminals (tablets): 2 for point of sale and 2 for new student signups; one shared printer; and one shared receipt printer as well.. We estimate the cost of leasing or purchasing the computer system to be $3,000 to $5,000.

It is your obligation to maintain, repair, upgrade, and update your computer system. Without a contractual limit on frequency and cost, you are required to lease, buy, use, update, and upgrade the computer hardware and software that we designate and stipulate. We are not required, and we do not require our affiliates or third parties to maintain, repair, upgrade, and update your computer system. We estimate annual costs of any optional or required maintenance updating, upgrading or support contracts for the cash register or computer systems to be $7,000 per location. Article X of the Franchise Agreement.

You must pay us a Technology Fee of $2,400 yearly for the use of the computer system software and applications. We may increase the Technology Fee upon 30 days written notice to you.

You will use your computer system to maintain information about your customers, prepare proposals and invoices, maintain the financial records of the franchised business, access Internet sites, and communicate with prospective and current customers, suppliers, us, and others via e-mail. You must provide us with independent access to all of the information that will be generated and stored on your computer system if we request it, including the delivery of a backup of your database. There are no contractual limitations on our right to access the information.

Site Selection and Service Opening.

The site for your Franchised Business is a real property space, which is 3,000 square foot space within a shopping center with sufficient parking. We recommended a minimum parking lot of 25 spots per 1,000 sq ft leased. Yoga is an "off peak" activity with major parking usage happening before 9 am and after 5:00 pm. We do not select the site for your Franchised Business, and we generally do not own the premises or lease site to you for your Franchised Business. We approve the Site for your Franchised Business (Section IV of the Franchised Agreement). We provide approval for building plans for Site of your Franchised Business (Section IV of the Franchised Agreement). You must secure a site for your Franchised Business within 60 days from signing the Franchise Agreement.

The typical length of time between the signing of the Franchise Agreement, or the first payment of consideration for the franchise, and opening the franchised business varies, but you should be able to commence operation within 270 days after signing as required by the Franchise Agreement. Factors affecting this time period include: how long it takes to complete any modification of your Ra Yoga site, completion of financing arrangements, compliance with local ordinances and obtained permits, obtained and installed equipment, your previous employment commitments (if any), your ability to complete our training program, and/or hiring and training personnel.

If you do not select your site within 60 days or open your Franchised Business within 270 days, we may terminate your Franchise Agreement and retain all monies that you have paid us or our affiliates.

Training Program.

We provide a tuition-free initial Ra Yoga training program which includes orientation to the Ra Yoga Franchising Group LLC system; customer service; operational management; financial management; computer software use; advertising and marketing; and reporting procedures. The training lasts up to one week or less depending on your existing experience level. It is currently held at our Orange County, CA location, but we may hold the training at one of our other locations in the future. Instructional materials may include manuals, videos, scripts and PowerPoint presentations. Training is not scheduled on a regular basis but will be offered to you before opening the franchised business. You and anyone else involved in the day-to-day operation of the franchised business must complete the initial training to our satisfaction. The initial training must be attended and successfully completed by you and one manager. Initial training must be successfully completed by you and one manager 2 months before opening. You must pay for all travel, lodging and other costs of attendance. Thereafter, we may charge a fee for attendance of the initial training for new and replacement managers. Our current fee for a replacement and new managers is $1,500 per person.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Training Program	Classroom	On the Job	Locations
Finding a Location	3	0	Orange County, CA
Accounting & Insurance	2	0	Orange County, CA
Business Model & Customer Segmentation	3	1	Orange County, CA
Studio Design, Layout, Décor, Equipment	5	0	Orange County, CA
Branding, Marketing, Go to Market Strategy	8	2	Orange County, CA
Hiring & Training	2	3	Orange County, CA
Services & Retail offerings	4	0	Orange County, CA
Procedures & Control	3	0	Orange County, CA
Teacher Procurement & Quality Controls	2	2	Orange County, CA
Total	**40 Hours**		

Instructor for Initial Franchisee Training:

Robert Kittleman, our Founder and CEO, has an extensive background in corporate strategy while also managing the day to day operations of Ra Yoga's two existing locations along with its Ra University (teacher training facility). Since 2012, Robert Kittleman has been the sole operator of Kittleman Consulting which provides analytic support to a $8 billion consumer electronics company as well as forecasting and analytics support to market research companies in the television and soundbar industries. In this role, Robert provides insights on the ever- changing retail landscape found in the US market.

Robert Kittleman was a founding member of Ra Yoga and developed the class schedule, pricing model, and overall go- to market strategy for Ra Yoga since inception. Under the leadership of Mr. Kittleman, Ra Yoga has never experienced a decline in year over year sales for any quarter of sales and has seen its active client base grow from 0 to 40,000 clients in Orange County, Ca. Robert manages the pay and schedule of 105 Yoga Teachers, 15 front desk staff, 2 studio managers, and 2 retail & marketing coordinator. For the past 2 years, Robert Kittleman's primary responsibilities include strategic partnerships, managing all financial decisions (accounting, budgeting, forecasting) and developing innovative systems to aid Ra Yoga in successfully achieving achieve growth with minimal variable cost. Robert Kittleman prides himself on being a thoughtful leader who empowers others to bring a creative, agile and powerful goal- driven business plan to fruition.

Jennifer Vande Hei, is a founding member of Ra Yoga and has served as our lead instructor and chief yoga

officer for the past 5 years. Ms. Vande Hei developed Ra Yoga's best- in- class 200-hour teacher training in the spring of 2013. Since launch she has and has inspired the hearts and minds of over 200 teacher training graduates since launching that training. For this 200-hour teacher training Jenny created a detailed manual of over 300+ pages of original content to train people on how to develop and instruct world class 60 minute group yoga classes. In the spring of 2017, Jenny commenced created a 300-hour teacher training curriculum to further train 200-hour graduates in the arts of yoga instruction. This new program is meant to teach others how to ignite their talent and master their skill. All these teacher training programs have been certified through Yoga Alliance. master their skill and ignite their talent.

In addition to yoga responsibilities, Jenny utilizes utilities her degree in fine arts to drive Ra's studio designs and merchandising plan. Without Jenny's tireless efforts in designing Ra Yoga Newport, there is no way we would have been able to create a studio with 2 rooms, locker rooms and a retail space in a space 1,000 sq ft below the recommended minimum of 3,500 sq ft. Jenny is the brainchild and artist behind 4 large murals and the other niche design elements found throughout Ra's 3 locations.

We may change, add to, or make substitutions for the subjects and instructors listed in the tables and above as necessary or appropriate.

We will provide additional training programs at reasonable times and at locations selected by us during the term of the Franchise Agreement, and will host national conventions at times and locations selected by us. You must attend the national convention. We may require attendance at other additional training programs. You must pay for all travel, lodging and other costs of attending training and the national convention. We may charge a reasonable per diem fee for other training programs. In the current fiscal year, there will be no more than two to five additional training programs and the programs will be between one and four days long.

You are encouraged to schedule your training as soon as possible after executing the Franchise Agreement. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because mandatory training is not completed to our satisfaction.

You are responsible for all expenses you and your employees incur to attend the initial training, including wages, benefits, transportation, meals, accommodations, and entertainment.

ITEM 12 TERRITORY

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

You will operate your Franchised Business from a real property space that is 3,000 square foot space within a shopping center with sufficient parking. We recommended a minimum parking lot of 25 spots per 1,000 sq ft leased. Yoga is an "off peak" activity with major parking usage happening before 9 am and after 5:00 pm. We approve the Site for your Franchised Business.

You may relocate the Site of your Franchised Business so long the new Site meets our then current Site requirements, and you reimburse us for any costs and expenses we incur in your relocation. Currently for relocation and site selection require that site is approved by us and that you Site meets our approval for building plans. As a relocation fee, you are obligated to reimburse for any cost and expense that we incur reviewing or approving your relocation.

Subject to the Franchise Agreement Terms, you are granted a limited franchise license to offer and sell Ra Yoga products and services within a radius of the 5 miles from Site or a population of the 200,000 persons, whichever is less which is referred to as your Franchise Territory.

You may only solicit customers and accept orders within your Territory. You do not have the right to use other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory unless we give you written consent to serve another specified area where no other Ra Yoga franchise or company-owned unit is located. If you are granted consent to service another specified area, you shall be obligated to a pay royalty fees and other to us for the services performed or products sold.

We promise and agree to not operate a business using the Ra Yoga System and the Marks within the Territory or authorize anyone else to operate a business using the Ra Yoga System and the Marks within the Territory during the term of the Franchise Agreement, if you are complying with the Franchise Agreement and subject to these limitations. We are not obligated to ensure that no other franchise will conduct operations in your Territory. Although such activities are discouraged, we reserve the right to determine how to respond to any such situation. We are not required to pay you for other franchisees soliciting or accepting orders from with inside your Territory or us.

We reserved rights, which limit your exclusivity in the Territory, are as follows:

1. Own, acquire, establish and operate, and license others to establish and operate, businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks, outside the Territory.

2. Acquire a system of Competitive Businesses (as defined herein) with units located within your Territory or outside the Territory.

3. Sell or franchise others to sell the services and products authorized for Ra Yoga Franchised Businesses using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, venues, site or location models other than real property space concepts, joint marketing with partner companies, direct mail, catalogue sales, Internet sites and co-branding strategies, pursuant to such terms and conditions as Franchisor deems appropriate.

4. Advertise, promote, market or sell goods or services using the Ra Yoga Marks over the Internet, the World Wide Web or any other electronic network.

5. offer and sell the services and products authorized for Franchised Business using the Ra Yoga Marks or other trademarks, service marks and commercial symbols to Special Accounts as defined and a per the conditions set forth in this Agreement

Acquisition of Competing System.

If you are in compliance with the Franchise Agreement and we acquire a system of Competitive Businesses (an “Acquired System”) during the term of the franchise agreement, we will offer you the option to purchase and operate, as a Ra Yoga Franchise, any unit of the Acquired System (an “Acquired Unit”) that is both purchased by us for operation by us our Affiliate (e.g., the unit will not be operated by a licensee of the Acquired System) and is located within your Territory. We shall provide you with written notice of our purchase of the Acquired System, the terms and conditions applicable to your option to purchase Acquired

Units, and such other information that we believe is necessary to be included in the notice. If you do not elect to purchase or fail to complete the purchase of, an Acquired Unit within two (2) months after notice, we can operate, through an Affiliate or third-party licensee, the Acquired Unit under any trade name or trademark other than Ra Yoga Marks. You have no right to purchase, and we are not obligated to offer you any option to purchase, any Acquired Unit that is operated by a licensee under the Acquired System. We may license such unit to be operated under any trade name or trademarks other than Ra Yoga Marks, and may also license additional units of the Acquired System to be developed and operated within your Territory.

If you are in good standing under the Franchise Agreement and otherwise meet our financial qualifications, you may request that we sell you another Ra Yoga franchise. We reserve the right to determine whether to sell you another franchise. If you buy an additional franchise, it will be under the then-current form of Franchise Agreement and other applicable agreements that may be different from those described in this disclosure document.

Your Franchise Agreement does not give you any other option, the right of first refusal, or similar right to acquire additional franchises. Your Territory rights are not dependent on achieving a certain sales volume or market penetration. We may establish another franchise or company-owned location in the Territory if you fail to comply with the Franchise Agreement. Except as disclosed in this Item 12, there are no other circumstances that permit us to modify your territorial rights.

Area Development Program

If you sign an Area Development Agreement, your rights to the Development Area will be exclusive as set forth in the Area Development Agreement. While the Area Development Agreement is in effect, provided that you open and operate Ra Yoga Franchised Businesses in accordance with the Development Schedule and the minimum number of Franchises that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, we will not operate, or license any person other than you to operate, a Ra Yoga Franchised Business under the Marks and the System within the Development Area.

We reserve the right to own, acquire, establish and operate, and license others to establish and operate, businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks, outside the Development Area; acquire a system of Competitive Businesses (as defined herein) with units located within your Development Area or outside the Development Area; sell the services and products authorized for Ra Yoga Franchised Business using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, such as{ brick and mortar locations,} joint marketing with partner companies, direct mail, catalogue sales, Internet sites and co-branding strategies, pursuant to such terms and conditions as Franchisor deems appropriate; advertise, promote, market or sell goods or services using the Ra Yoga Marks over the Internet, the World Wide Web or any other electronic network; offer and sell the services and products authorized for Franchised Business using the Ra Yoga Marks or other trademarks, service marks and commercial symbols to Special Accounts;

If you fail to adhere to the Development Schedule, we may terminate the Area Development Agreement and all of your exclusive territorial rights will be eliminated. We otherwise will not change the size of your Development Area.

ITEM 13 TRADEMARKS

Our principal trademarks (the "Marks") are described below and are registered with the United States Patent and Trademark Office (the "Trademark Office"):

Mark	Registration Number or Serial Number if Registration is Pending	Class	Registration Date
RA YOGA	4470069	IC 041	January 21, 2014
RA YOGA BREATHE IN LIGHT	4470070	IC 041	January 21, 2014

We have filed all required affidavits and renewals with respect to these registrations.

The trademark is owned by RA YOGA, LLC, our affiliate. We have perpetual license agreement with Ra Yoga, LLC for the franchising of the trademark.

There are no currently effective material determinations of the Trademark Office, the Trademark Trial and Appeal Board, or any other trademark administrator or any court, pending interference, opposition, or cancellation proceeding, or any pending material litigation involving the Marks.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. We are not aware of any infringing uses of the Marks that could materially affect your use of them.

Your use of the Ra Yoga Marks is limited to use in connection with the operation of your Ra Yoga Franchised Business within the Territory as described in the Franchise Agreement and as set forth in the Ra Yoga Manual. You must promptly notify us of any use of the Ra Yoga Marks or any colorable variation by any person or legal entity or any litigation instituted by any person or legal entity against you or us involving the Ra Yoga Marks. We are not required to defend the Ra Yoga Marks. In the event we undertake the defense, prosecution, or settlement of any litigation relating to the Ra Yoga Marks, you agree to assist as necessary to carry out such defense, prosecution or settlement. In the event that any party demonstrates to us a superior right to use any of the Ra Yoga Marks, you shall, upon demand by us, discontinue use of such Ra Yoga Mark(s) and adopt, at your sole cost and expense, any Mark(s), if any, selected by us to replace such discontinued Mark(s).

You shall not use any of the Ra Yoga Marks, or any derivative or colorable variation thereof: (i) as part of your corporate or other legal name; (ii) on or as part of any Web Site, domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, or other similar services (without our prior written consent); (iii) with any prefix, suffix (including, but not limited to, the word "Inc."), or other modifying words, terms, designs, or symbols; or (iv) in any modified form. Franchisee shall not register any of the Marks, or any derivative or colorable

variation thereof, as a service mark, trademark, or Internet domain name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as could reasonably result in making Franchisor liable therefor or that may harm, tarnish, or impair Franchisor reputation, name, services or Marks. The provisions of this paragraph shall survive the expiration, termination or cancellation of this Agreement.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no patents material to the franchise. We own no copyright registrations material to the franchise. We do have unregistered copyrights in Ra Yoga Manual, and all printed, audio-visual and other materials developed and distributed for use by our franchisees or us (collectively called the "Proprietary Information"). Information not protected by copyright, but which is confidential to us, such as information about our methods, policies, and marketing programs, is also part of the Proprietary Information.

There are no administrative or judicial determinations relating to the copyrights, nor any agreements that limit the use of them. We are not obligated to protect these copyrights.

You will not acquire any interest in the Proprietary Information. All Proprietary Information must be returned to us immediately upon the termination of the Franchise Agreement for any reason. The Proprietary Information is disclosed to you solely on the condition that you (1) will not use it in any other business or capacity; (2) will maintain the absolute confidentiality of the information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Operating Manuals or any other written communication from us; (4) will not disclose or duplicate any part of the Proprietary Information other than disclosure to an employee of the franchised business to the extent necessary to do his or her job; and (5) will adopt and implement all reasonable procedures we may require preventing unauthorized use or disclosure of the information, including restrictions on disclosure of the information to employees of the franchised business and the use of nondisclosure and noncompetition clauses in employment agreements. All shareholders, officers, directors, partners, and members of the franchise are presumed to have access to Proprietary Information and must sign a Nondisclosure and Noncompetition Agreement to maintain the confidentiality of the Proprietary Information and conform to the noncompetition covenants.

You must inform us in writing if anyone breaches the Nondisclosure and Noncompetition Agreement or if there is any other violation of the obligations regarding any of the Proprietary Information or if you learn about any improper use of any of it.

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

You must maintain a designated full-time manager of the franchised business who is approved by us and signs a non-compete, non-solicitation, confidentiality agreement. The manager need not have an ownership interest in the franchise. No individual franchisee or any shareholder, partner, member, or another owner of a business entity franchisee may compete with us or own an interest in any competitor of ours anywhere during the term of your Franchise Agreement or within any Ra Yoga franchise territory for two years after the expiration or termination of your Franchise Agreement.

Each shareholder, partner, member, and other equity owner of the franchise, and each individual shareholder, partner, member, and other equity owner of any shareholder, partner, member, and other equity owner that is itself a business entity, must personally guarantee all of the franchisee's obligations and performance under the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services, and only those products and services, authorized by us and specified in the Ra Yoga Manual or as designated in writing by us (the "Permitted Products and Services"). We may add and delete products or services to or from the Ra Yoga Permitted Products and Services at any time. We may also designate any products or services as optional.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

References are to sections in the Franchise Agreement unless otherwise noted.

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Term of the franchise	Section II(A)	10 years from the date that we sign the Franchise Agreement.
b.	Renewal or extension of the term	Section II(B)	Upon the expiration of the initial term or any renewal term of the Franchise Agreement, you may, at its option, renew the Franchise Agreement for an additional term of 10 years (the "Successor Franchise"), provided that at the end of each term you meet conditions listed including paying a Successor Fee.
c.	Requirements for you to renew or extend	Section II(B)	In order to renew, we must be offering Ra Yoga Franchises; you must give us written notice between 6 months to 1 year, prior to the end of the term; you must not be in default under any provision of The Franchise Agreement or any other agreement between you and our affiliates, approved suppliers of the Ra Yoga System, or the lessor of your Ra Yoga Site, and have substantially complied with all of the terms and conditions of Franchise Agreement ; you have the right to remain in possession of your Ra Yoga Site, or a suitable substitute location that is approved by us and meets our then-current specifications and standards, for the entire term of the Successor Franchise; you must refurbish your Ra Yoga Franchised Business to

	Provision	Section in Franchise Agreement	Summary
			conform to the then-current Ra Yoga trade dress, color schemes, and presentation of the Marks and Ra Yoga Systems Standards; you must sign the then-current Ra Yoga franchise agreement terms of which may differ from the terms of Franchise Agreement; you must pay us a Successor Franchise Fee of 25% of the then current Initial Franchise Fee; unless prohibited by the laws, you must sign a general release; and you must comply with then-current Ra Yoga qualifications and training requirements. When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract.
d.	Termination by you	Section XVII(A)	We will be considered in default of the Franchise Agreement if we breach any material obligations of the Franchise Agreement and fail to cure the default within 60 days of written notice from you.
e.	Termination by us without cause	None	Not applicable
f.	Termination by us with cause	Section XVII(B)	We can terminate only if you default.
g.	"Cause" defined -- defaults which can be cured	Section XVII(B)	We may elect to terminate your Ra Yoga Franchise Agreement if you fail to pay, when due, any sum required to be paid under the Franchise Agreement or any other agreement between us after written notice and ten (10) days opportunity to cure; or if you fail to perform, or breach, any other provision of your Ra Yoga Franchise Agreement or of any other agreement or instrument between us; or you fail to operate the Franchised Business in full compliance with the Franchise Agreement, the Ra Yoga Manual, or Ra Yoga System Standards; or fail to cure any such breach within thirty (30) days from notice of breach.
h.	"Cause" defined -- defaults which cannot be cured	Section XVII(B)	We may elect to terminate your Ra Yoga Franchise Agreement, without opportunity to cure if you fail to locate and secure a site and get approval with the terms of the Site Selection Addendum or fail to open the Franchised Business within the time limits prescribed by the Franchise Agreement; you fail to satisfy all of the training obligations on three (3) or more separate occasions within any period of twelve (12) consecutive months; you fail to submit reports or other information or supporting records when due or otherwise fail to comply with the Franchise Agreement, whether or not such failures to comply are corrected after notice; you fail to operate your Ra Yoga

	Provision	Section in Franchise Agreement	Summary
			Franchised Business for more than two (2) consecutive days, or otherwise abandon the Franchised Business; you provide for offers or sales of any Permitted Products and Services at or from a location that is within the franchise territory of another Ra Yoga franchisee (except as expressly stated in this Agreement, the Manual, or any other written agreement between Franchisor and Franchisee), or otherwise infringes upon rights granted by us under franchise agreements with other franchisees of Franchisor; you fail to achieve or exceed System Standards in two (2) inspections in any twenty four (24) month period; you are declared bankrupt or insolvent or you are the debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code; a receiver is appointed for you or for any part of your property, or you make any assignment for the benefit your creditors, if not dismissed within fifteen (15) days; you lose the right to possession of the premises upon which the Franchised Business is located, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; Franchisee fails, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business; you make any transfer or attempted transfer that fails to comply with this Agreement; the Franchised Business is seized, taken over or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor; a final judgment against you remains unsatisfied for thirty (30) days (unless superseded as or other appeal bond has been filed), or a levy of execution has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business that is not discharged within five (5) days of such levy; any conduct or activity by you or any of your Principals, directors, or officers that Franchisor believes is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, us, the Ra Yoga System, the Marks, or the goodwill associated; you knowingly maintain false books or records, or knowingly submit any false reports to us, or knowingly understate your Gross Revenues reported to

	Provision	Section in Franchise Agreement	Summary
			Franchisor; any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business, and you have not immediately commenced actions to cure the problem or have not promptly cured or corrected the problem or activity that gave rise to the threat or danger; you make or attempt to make any transfer or assignment of the Franchised Business, Franchise business assets, rights under the Agreement, or ownership the Franchised Business contrary to the Franchise Agreement; or you or any of your Principals violate any of the Covenants of the Franchisee, commit an infringement of the Proprietary Marks, or communicate, divulge, or use Confidential Information contrary to the Franchise Agreement.
i.	Your obligations on termination or nonrenewal	Article XX	Upon the termination, you must: cease to operate your Franchised Business and not hold itself out as a present or former Ra Yoga franchisee of Franchisor; cease to use the Ra Yoga System or Ra Yoga Marks; make modifications to the Franchised Business Site to prevent the operation of any business on the Site that might be deemed substantially similar to the Ra Yoga Franchised Business; at our option, assign to us (i) any lease or sublease for the Site of the Franchised Business (ii) telephone numbers of the Franchised Business and all related Yellow Pages, White Pages and other business listings, and (iii) Web Sites, web pages, listings, banners, URLs, advertisements, or any other services and links, and sell to us the assets of the Franchised Business; turn over all Ra Yoga Manuals, records, client and other files, instructions, correspondence, and software provided and/or licensed by us; cancel any assumed name or equivalent registration that contains the Ra Yoga Marks; pay all sums due and owed to us; obtain and maintain professional liability or errors and omissions insurance and general liability insurance for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located; appoint us as the true and lawful attorney-in-fact and agent for Franchisee to carry out Franchisee obligations under the terms of termination.
j.	Assignment of contract by us	Section XVI(A)	We have the right to transfer or assign all or any part of our rights and/or obligations to any person or legal entity.

	Provision	Section in Franchise Agreement	Summary
k.	"Transfer" by you – definition	Section XVI(B)	Transfer includes any sales assignment, transfer, convey, give away, pledge, mortgage, or otherwise encumbrance of any interest therein or in Franchise, or Franchisee assets.
l.	Our approval of transfer by franchisee	Section XVI(B)	We have the right to approve all transfers but may not unreasonably withhold consent.
m.	Conditions for Ra Yoga Franchising Group LLC approval of transfer	Section XVI(B)	All outstanding obligations related to the Franchised Business must be paid, and the transferor's right to receive compensation must be subordinated and secondary to our rights. You must sign a general release; the transferee must sign written assumption; transferee must meet Ra Yoga standards; transferee must sign a then-current Ra Yoga franchise agreement and such other ancillary agreements; transferee must successfully complete Ra Yoga initial training, and you or the transferee must pay a transfer fee.
n.	Our right of first refusal to acquire your business	Section XVI(D)	We have the right, exercisable by written notice to you, to purchase such rights or interests for the price and on the terms and conditions contained in any offer for your Franchised Business, except we may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by us must be completed within ninety (90) days after your receipt of our written notice. If we do not exercise our right of first refusal, you may complete the sale of interest to the bona fide purchaser, subject to our approval; however, if the sale to the purchaser is not completed within one hundred twenty (120) days after the delivery of the offer to us, we will again have the right of first refusal.
o.	Our option to purchase your business	Section XX (8)	Upon termination or expiration of your Franchise Agreement, at our option (to be exercised within thirty (30) days after termination), you must sell to us any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of your Franchised Business, at the depreciated book value.
p.	Your death or disability	Section XVI(E)	Must transfer to an approved 3rd party within 6 months subject to all conditions except transfer fee.
q.	Noncompetition covenants during the term of the franchise	Section XIX(A)(3)	No involvement in a competing business; cannot assist or deal with a competing business; cannot infringe on another franchisee's territorial rights; cannot employ ours or another franchisee's employees.

	Provision	Section in Franchise Agreement	Summary
r.	Noncompetition covenants after the franchise is terminated or expires	Section XIX(B)	No involvement in a competing business for 2 years in, or within 25 miles of any Ra Yoga; no solicitation of customers of your franchise for 2 years.
s.	Modification of the agreement	Section XXII(A)	The Agreement may not be modified or amended except by written instrument signed by each of the parties hereto, expressing such amendment or modification.
t.	Integration/merger clauses	Section XXII(A)	The Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties except those disclosures which are included in the Franchisor's now current Franchise Disclosure Document. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Article XX	You and we must settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation before resorting to litigation or other dispute resolution procedures. The mediation proceedings will take place at the American Arbitration Association location nearest Franchisor's principal place of business (presently Orange County California). Any claim or controversy arising out of or related to this Agreement must be settled by mandatory binding arbitration in Orange County California.
v.	Choice of forum	Section XXII(D)	Any and all suits, actions or other proceedings with respect to, arising out of, or in connection with this Agreement shall be litigated in courts having a situs within Orange County California.
w.	Choice of law	Section XXII(D)	The state of California.

A provision in your Franchise Agreement that terminates the franchise on your bankruptcy may not be enforceable under federal bankruptcy law.

Area Development Relationship

	Provision	Section in Franchise Agreement	Summary
a.	Term of the franchise	Article VI	The term ends in accordance with the Development Schedule.

	Provision	Section in Franchise Agreement	Summary
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	None	We can terminate only if you default.
g.	"Cause" defined -- defaults which can be cured	None	Not Applicable
h.	"Cause" defined -- defaults which cannot be cured	Section VII(A)	We may terminate the agreement if you fail to pay any initial franchise fee or execute any Franchise Agreement by any Fee Deadline specified in the Development Schedule; you fail to have opened and maintained in continuous operation the minimum number of Ra Yoga Franchised Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule; A default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or you breach or otherwise fail to comply fully with any other provision contained in this Area Development Agreement or any other agreement between the Franchisor and/or its Affiliates.
i.	Your obligations on termination or nonrenewal	None	Not Applicable
j.	Assignment of contract by us	Section VIII(A)	We have the right to transfer or assign all or any part of our rights and/or obligations to any person or legal entity.
k.	"Transfer" by you – definition	Section VIII(B)	Transfer includes any voluntary or involuntary sale, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest voluntarily or involuntary therein or in Franchisee or Franchisee assets.
l.	Our approval of transfer by franchisee	Section VIII(B)	We have the right to approve all transfers but may not unreasonably withhold consent.
m.	Conditions for Ra Yoga Franchising	Section VIII(B)	All outstanding obligations related to the Franchised Business must be paid; transferor's right to receive compensation must be subordinated and secondary to

	Provision	Section in Franchise Agreement	Summary
	Group LLC approval of transfer		our rights. You must sign a general release; the transferee must sign written assumption; the transferee must meet Ra Yoga standards, and you or the transferee must pay a transfer fee.
n.	Our right of first refusal to acquire your business	Section VIII(C)	If we elect to purchase an interest under a bona fide offer for purchase, closing will occur within 90 days after the date of our notice to the seller electing to purchase the interest. If we do not elect to purchase such interest within the 30-day period, you may sell or transfer their offered interests to a third party, provided that such sale or transfer: (i) is made within 90 days after we give notice of its election, (ii) is made at a price and on the same material terms as those offered to us, and (iii) is made in full compliance with all applicable requirements of this Agreement.
o.	Our option to purchase your business	None	Not Applicable
p.	Your death or disability	None	Not Applicable
q.	Noncompetition covenants during the term of the franchise	Section IX(c)	No involvement in a competing business; cannot assist or deal with a competing business; cannot infringe on another franchisee's territorial rights; and cannot employ ours or another franchisee's employees.
r.	Noncompetition covenants after the franchise is terminated or expires	Section IX(B)	No involvement in a competing business for 2 years in, or within 25 miles of any Ra Yoga; no solicitation of customers of your franchise for 2 years.
s.	Modification of the agreement	Section X(B)	The Agreement may not be modified or amended except by written instrument signed by each of the parties hereto, expressing such amendment or modification.
t.	Integration/merger clauses	Section X(B)	The Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties except those disclosures which are included in the Franchisor's now current Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	None	Not Applicable
v.	Choice of forum	Section X(E)	Any and all suits, actions or other proceedings with respect to, arising out of or in connection with this

	Provision	Section in Franchise Agreement	Summary
			Agreement shall be litigated in courts having a situs within Orange County California.
w.	Choice of law	Section X(E)	California

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Gross Revenue Totals for Trailing 4 Quarters					
	3Q 2016	4Q 2016	1Q 2017	2Q 2017	Trailing 4 Quarters
Retail	$48K	$55K	$47K	$49K	$200K
Yoga & Training	$397K	$390K	$514K	$506K	$1,808K
Total Gross Revenue	$445K	$446K	$561K	$556K	$2,008K

Some outlets have earned this amount. There is no assurance you'll do as well.

Bases

This financial performant representation is based on the performance of a company-owned outlet; however, the affiliate company owned location pays royalty fees, advertising contributions and other franchisee fees to a Ra Yoga franchise location.

These sales figures are derived from the actual historical performance of one Ra Yoga that was the only affiliate owned and operated location located in an attached building in outdoor shopping/retail area with ample parking in Costa Mesa , California a metropolitan city on the West Coast within a shopping center. These figures were achieved the 12-month period from July 1, 2016 through June 1, 2017.

There was one Ra Yoga outlet in the entire Ra Yoga system at the time this financial performance representation reflects.

Assumptions

This figures are outcomes of Ra Yoga that was an affiliate owned and operated location located in an attached building in outdoor shopping/retail area with ample parking in Costa Mesa , California a metropolitan city on the West Coast within a shopping center. The market where your Ra Yoga Franchised Business is located, however, may be in a less or greater populated region or in a different seasonal or demographic area.

Accordingly, the results achieved by these Ra Yoga business may not be typical for those in your area.

This financial performance representation is based on %the 12-month period from July 1, 2016 through June 1, 2017, which is or are available to you upon reasonable request

The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Ra Yoga franchised business. Franchisees or former franchisees listed in this disclosure document may be one source of this information.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we or the seller may provide you with the actual records of the outlet.

Other than the preceding financial performance representation, Ra Yoga Franchising Group LLC does not make any financial performance representations. 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 Robert Kittleman 3077 Bristol St Suite A, Costa Mesa CA 92626 714-369-9293, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEMWIDE OUTLET SUMMARY

For Years 2014 to 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2014	0	0	0
	2015	0	0	0
	2016	0	0	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned	2014	3	3	0
	2015	3	3	0
	2016	3	3	0
TOTAL OUTLETS	**2014**	**3**	**3**	0
	2015	**3**	**3**	0
	2016	**3**	**3**	0

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS

(Other than Franchisor)

For Years 2014 to 2016

State	Year	Number of Transfers
All States	2014	0
	2015	0
	2016	0
TOTAL	2014	0
	2015	0
	2016	0

Table No. 3

STATUS OF FRANCHISED OUTLETS

For Years 2014 to 2016*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Arizona	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
California	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Colorado	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Connecticut	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Florida	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Georgia	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2016	0	0	0	0	0	0	0
Hawaii	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Illinois	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Indiana	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Kentucky	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Maryland	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Minnesota	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Missouri	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Nebraska	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2016	0	0	0	0	0	0	0
Nevada	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
New Jersey	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
New York	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Ohio	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Oregon	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Pennsylvania	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
South Carolina	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Tennessee	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2016	0	0	0	0	0	0	0
Texas	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Utah	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Washington	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
TOTAL	**2014**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2015	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2016	**0**	**0**	**0**	**0**	**0**	**0**	**0**

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Where a franchise territory covers more than one state, the franchise, for purposes of this table, is assigned to the state where it has the bulk of its operation, which is not necessarily the same state shown in the business address in the list of franchisees, EXHIBIT I.

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS

For Years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2014	3	0	0	0	0	3
	2015	3	0	0	0	0	3
	2016	3	0	0	0	0	3
Washington	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
TOTAL	**2014**	**3**	**0**	**0**	**0**	**0**	**3**
	2015	**3**	**0**	**0**	**0**	**0**	**3**
	2016	**3**	**0**	**0**	**0**	**0**	**3**

Table No. 5

PROJECTED OPENINGS

As of December 31, 2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Texas	0	1	1
Arizona	0	1	0
TOTAL	**0**	**2**	**1**

The number of new franchised locations projected to be opened in the next fiscal year, as presented in the table above, is an estimate based on the best information we have as of the date of this disclosure document. There is no assurance that the actual number of openings, or the states in which we projected the openings, will be the same as our estimates.

A list of the names, addresses, and telephone numbers of all Ra Yoga franchisees is attached to this disclosure document as EXHIBIT J. A list of the names, last known home addresses, and telephone numbers of every Ra Yoga franchise who has had their franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the date of this disclosure document, is attached to this disclosure document as EXHIBIT J. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Our Franchise Advisory Council has not been established as of the date of this document.

As of the date of this disclosure document, there are no other trademark-specific franchisee organizations associated with the Ra Yoga franchise system that we have created, sponsored, or endorsed, and there are no independent trademark-specific franchisee organizations that have asked to be included in our disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Our audited financials as of as of May 12, 2017, are attached to this disclosure document as EXHIBIT K.

The franchisor has not been in business for three years or more; and therefore, cannot include all financial statements required.

Our fiscal year ends on December 31.

ITEM 22 CONTRACTS

The following exhibits to this disclosure document are the contracts used by us in offering franchises:

EXHIBIT A. AREA DEVELOPER AGREEMENT

EXHIBIT B. FRANCHISE AGREEMENT

EXHIBIT C. PERSONAL GUARANTY

EXHIBIT D. RESTRICTIVE COVENANT AGREEMENT

EXHIBIT E. POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

EXHIBIT F. FRANCHISEE DISCLOSURE QUESTIONNAIRE

EXHIBIT G. RELEASE OF CLAIMS

EXHIBIT H. STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT I. LIST OF FRANCHISEES

EXHIBIT J. LIST OF FRANCHISEES THAT LEFT THE SYSTEM

EXHIBIT K. FINANCIAL STATEMENTS

EXHIBIT L. TABLES OF CONTENTS OF OPERATING MANUALS

EXHIBIT M. STATE SPECIFIC ADDENDUMS

ITEM 23 RECEIPTS

The last page of this disclosure document is a detachable document that you must sign to acknowledge your receipt of this disclosure document.

EXHIBIT A. AREA DEVELOPER AGREEMENT

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPER AGREEMENT

BETWEEN

RA YOGA FRANCHISING GROUP LLC

FRANCHISOR

AND

_____

FRANCHISEE

_____

Location (Common Territory Name)

_____

DATED

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RA YOGA FRANCHISING GROUP LLC

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into as of this _____day of _____, 20___ (the "Effective Date") by and between Ra Yoga Franchising Group LLC, a California limited liability company ("Franchisor"), and _____, an individual/partnership/corporation/limited liability company _____ established/resident of the State of_____ and whose principal address is _____ ("Developer").

RECITALS

A. Franchisor has developed, and is in the process of further developing, a format and system consisting of uniform standards, methods, procedures and specifications for the operation of Ra Yoga (the "System") identified by the service marks "Ra Yoga" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used (collectively, the "Marks") in connection with, and relating to, the establishment and operation of a business offering and selling yoga classes, therapy, and private instruction Franchised Business(each, a "Franchised Business");

B. Franchisor and Developer desire to enter into an area development agreement under which Developer shall obtain the exclusive right to establish and operate a specified number of Franchised Businesses within a specified geographical area upon the terms and conditions contained in Franchisor's then-current standard franchise agreement (each, a "Franchise Agreement"); and

C. Developer and Franchisor have entered into that certain Franchise Agreement (the "Initial Franchise Agreement") dated the same date as this Agreement for the establishment and operation of the first Franchised Businesses to be developed under this Agreement.

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

I. GRANT OF DEVELOPMENT RIGHTS AND DEVELOPMENT AREA

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Developer the right, and Developer undertakes the obligation, to establish and operate in the area designated in Exhibit A of this Agreement (the "Development Area") the number of Franchised Businesses specified in the development schedule on Exhibit B (the "Development Schedule"). This Agreement does not grant Developer any right to use the Marks; rights to use the Marks are granted only by Franchise Agreements.

II. FEES.

The total amount of the Development Fee is listed on Exhibit B (the **"Development Fee"**). The Development Fee will be applied toward the initial franchise fee due under subsequent Franchise Agreements in the manner specified on Exhibit B. Developer will pay the balance of the initial franchise fee as so stipulated and due under the then Current Franchise Agreement for each Franchised Business at the time the Franchise Agreement for each Franchised Business is executed. The Development Fee will not be refundable, notwithstanding anything to the contrary in this Agreement or any Franchise Agreement

III. DEVELOPMENT SCHEDULE.

Developer must enter into Franchise Agreements and open and operate Ra Yoga Franchised Business in accordance with the deadlines set forth in the Development Schedule. By each **"Fee Deadline"** specified in the Development Schedule, Developer must have delivered to Franchisor an initial franchise fee and a signed copy of Franchisor's then-current standard form of Franchise Agreement for the number of Ra Yoga Franchised Businesses specified on the Development Schedule. By each **"Opening Deadline"** specified in the Development Schedule, Developer must have the specified number of Ra Yoga Franchised Businesses open and operating. Developer must locate the Ra Yoga Franchised Businesses only at sites that Franchisor has accepted in accordance with the terms of the applicable Franchise Agreement.

IV. DEVELOPMENT AREA.

A. Exclusivity.

While this Agreement is in effect, provided that Developer opens and operates Ra Yoga Franchised Businesses in accordance with the Development Schedule, and the minimum number of Franchised Business that Developer has open and is operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, Franchisor will not operate, or license any person or entity other than Developer to operate, an Ra Yoga Franchised Businesses under the Marks and the System within the Development Area.

B. No Other Restrictions.

Developer acknowledges that, except to the extent expressly provided in herein, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

1. establish, and license others to establish, Ra Yoga Franchised Businesses at any location outside of the Development Area;

2. establish, and license others to establish, businesses [other than a Competitive Business (as defined below)] under other systems using other proprietary marks at such locations, including within the Development Area, and on such terms and conditions as Franchisor deems appropriate;

3. purchase or otherwise acquire the assets or controlling ownership of, and thereafter continue to own and operate, one or more businesses identical or similar to the Ra Yoga Franchised Businesses (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Development Area, that does not use the Marks;

4. acquire (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Development Area;

5. sell the services and products authorized for Franchised Business using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, direct mail, catalog sales, Internet sites and co-branding strategies, pursuant to such terms and conditions as Franchisor deems appropriate; and

6. engage in any activities not expressly forbidden by this Agreement.

V. Competitive Business.

For purposes of this Agreement, "**Competitive Business**" means any business that operates, manages, offers or provides (or grants franchises or licenses to others to operate a business that operates, manages, offers or provides), directly or indirectly, a yoga classes, therapy, and private instruction or similar services as are customarily offered by a Franchised Businesses, or in which trade secrets or other confidential information could be used to the disadvantage of Franchisor or its other franchisees.

VI. Term.

This Agreement expires at midnight on the last Opening Deadline date listed on the Development Schedule, unless this Agreement is terminated sooner as provided in this Agreement.

VII. Termination.

A. Events of Default.

Any one or more of the following constitutes an "**Event of Default**" hereunder:

1. Developer fails to pay any initial franchise fee or execute any Franchise Agreement by any Fee Deadline specified in the Development Schedule;

2. Developer fails to have opened and maintained in continuous operation the minimum number of Ra Yoga Franchised Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;

3. A default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or

4. Developer breaches or otherwise fails to comply fully with any other provision contained

in this Agreement herein or any other agreement between the Franchisor and/or its Affiliates.

B. Remedies.

If any Event of Default occurs, Franchisor may declare this Agreement and any and all other rights granted to Developer under this Agreement to be immediately terminated and of no further force or effect, as follows:

1. Upon termination of an Event of Default listed herein, Franchisor's sole remedies under this Agreement will be retention of the Development Fee and termination of this Agreement. A failure to open and thereafter operate Ra Yoga Franchised Businesses in accordance with the Development Schedule will not, in itself, constitute cause for Franchisor to terminate any previously executed Franchise Agreement.

2. Upon termination of this Agreement for any other reason whatsoever, Franchisor shall be entitled to retain the Development Fee, and Developer will not be relieved of any of its obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. The right of termination granted by this Agreement is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity, or otherwise, including without limitation the right to injunctive relief, all of which are cumulative.

VIII. Assignment.

A. By Franchisor.

This Agreement is fully assignable by Franchisor and will inure to the benefit of any assignee or another legal successor to Franchisor's interest.

B. By Developer.

This Agreement and the rights granted to Developer under this Agreement are personal to Developer and neither this Agreement, nor any of the rights granted to Developer hereunder nor any controlling equity interest in Developer, may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by Developer without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may terminate this Agreement without the opportunity to cure. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee or in this Franchise; provided, however, that prior to the transfer, Franchisor may, in its sole discretion, require that:

1. All of Franchisee's accrued monetary obligations to Franchisor and all other outstanding obligations related to the Franchised Businesses under this Agreement shall have been satisfied.

2. Unless prohibited by the laws of the state in which Developer is located, Developer and, if Developer is other than an individual, Franchisee Developer's owners, shall execute a general

release in a form satisfactory to Franchisor, effective as of the date of transfer, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, partners, members, agents and employees, in their corporate and individual capacities, including, without limitation, claims to arise under federal, state and local laws, rules and ordinances.

3. The transferee Developer shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Developer's obligations under this Agreement prior to and after the date of the assumption.

4. The transferee developer shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital as required by this Agreement.

5. Any right of Developer to any payments from the transferee developer resulting from the transfer shall be subordinate to any claim or right of Franchisor against the transferee developer subsequent to the effective date of the transfer, and Developer and the transferee developer shall execute any and all instruments reasonably required by Franchisor to evidence such liability.

6. Either Franchisee or the transferee franchisee shall pay Franchisor a transfer fee of $12,500.

C. Franchisor's First Right of Refusal.

If (i) Developer would like to accept a bona fide offer from a third party to purchase its interest in this Agreement, (ii) any of its legal or equitable owners (each, an "Owner"; who are all listed on Exhibit B hereto) desires to accept an offer from a third party to purchase all or a portion of their equity interests in Developer that would result in the transfer of control of Developer (as Franchisor determines), or (iii) if Developer or such Owners desire to sell such interests and have found a willing buyer of such interests; Developer or such Owners will (a) notify Franchisor in writing of such offer, (b) offer to sell the same interests to Franchisor upon the same terms and conditions, and (c) provide such information and documentation relating to such offer as Franchisor requires. Franchisor has the right, exercisable within 30 days after receipt of such offer, information, and documentation, to send written notice to Developer (or the applicable Owner(s)) that Franchisor intends to purchase the offered interests on the same economic terms and conditions offered by or to the third party or, at Franchisor's option, the cash equivalent thereof. If Franchisor elects to purchase such interests, closing will occur within 90 days after the date of Franchisor's notice to the seller electing to purchase the interest. If Franchisor does not elect to purchase such interest within the 30-day period, Developer or such Owners may sell or transfer their offered interests to a third party; provided that such sale or transfer: (i) is made within 90 days after Franchisor gives notice of its election, (ii) is made at a price and on the same material terms as those offered to Franchisor, and (iii) is made in full compliance with all applicable requirements of this Agreement.

The right of first refusal set forth herein will not be applicable to assignments, transfers, or sales of Developer's interest in this Agreement or any equity interest in Developer, made to Developer or, if Developer is an Entity, any of its Owner's spouse or child or any other existing Owners,

provided that the applicable requirements of each Franchise Agreement and this Agreement are complied with fully.

IX. Developer's Covenant Not to Compete.

D. Covenants during Term of Franchise Agreement.

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the design, development, and operation of the Franchised Business, procedures and techniques of the Ra Yoga Method, and sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation:

1. divert or attempt to divert any business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

2. employ or seek to employ any person who is at that time employed by Franchisor or any franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or

3. own, maintain, engage in, or have any interest in any business offering yoga classes, therapy, and private instruction, or any other products or services that are offered in the Franchised Business, unless otherwise consented to in writing by Franchisor.

E. Covenants after Termination of Franchise Agreement.

Franchisee further covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, directly or indirectly, for itself or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

1. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, own, maintain, operate, engage in, or have any interest in any business offering yoga classes, therapy, and private instruction, or any other services that had been offered by the Franchised Business, within twenty-five (25) miles of any Ra Yoga Franchised Business; or

2. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for three

(3) years thereafter, directly or indirectly solicit or perform services for any person who was a client of the Franchised Business at any time during the term of this Agreement.

Franchisee and Franchisor agree that the covenants contained in this Section E shall survive the expiration, termination or cancellation of this Agreement.

F. Exclusion for Publicly Traded Company.

Developer's Covenant not to Compete in this Section shall not apply to the beneficial ownership by Franchisee of less than five percent (5%) of the outstanding equity securities of any corporation that is registered under the Securities and Exchange Act of 1934.

G. Severability.

The parties agree that each of the covenants in this Section shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenants subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Section.

H. Execution of Covenants by Key Personnel.

At the request of Franchisor, Franchisee shall provide Franchisor with executed Restrictive Covenant Agreements, containing covenants similar in substance to those set forth in this Section (including covenants applicable upon the termination of a person's relationship with Franchisee), from each manager, officer, director, and Principal of Franchisee. With respect to each person who becomes associated with Franchisee in one of the capacities enumerated above subsequent to the execution of this Agreement, Franchisee shall require and obtain such covenants from them and promptly provide Franchisor with executed copies thereof. In no event shall any person enumerated above be granted access to any confidential aspect of the System or the Franchised Business prior to their execution of such a covenant. All covenants required by this Section shall be in forms satisfactory to Franchisor, including, without limitation, the specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. The failure by Franchisee to obtain the execution of the covenants required by this Section and provide the same to Franchisor shall constitute a material breach of this Agreement.

X. Miscellaneous

A. Independent Contractor and Indemnification.

It is understood and agreed that nothing in this Agreement shall create a partnership, employment or agency relationship between Franchisor and Franchisee, or authorize Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name. Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action by Franchisee. Franchisor shall

not be liable to any third party for any act or omission of Franchisee in any of its operations hereunder (including, without limitation, any claim or action against Franchisee for negligent hiring, sexual harassment, or employment discrimination) or any claim or judgment arising therefore against Franchisee. Franchisee shall indemnify and hold Franchisor harmless from and against any and all claims, debts, liabilities or obligations arising directly or indirectly from, as a result of or in connection with Franchisee's operation of the Franchised Business (excluding, however, liabilities caused by (i) Franchisee's improper reliance on or use of procedures or materials provided by Franchisor or (ii) Franchisor's negligence), and shall pay all costs (including, without limitation, attorney and accountant fees) incurred by Franchisor in defending against and/or responding to them. FRANCHISEE SHALL DISPLAY PROMINENTLY AT ITS PLACE OF BUSINESS, ON ALL CORRESPONDENCE WITH THIRD PARTIES, AND IN ANY PRINTED MATERIALS BEARING ITS NAME OR BUSINESS LOCATION, A STATEMENT THAT THE FRANCHISED BUSINESS IS INDEPENDENTLY OWNED AND OPERATED BY FRANCHISEE.

B. Nature of Agreement.

This Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties. This Agreement may not be modified or amended except by written instrument signed by each of the parties hereto, expressing such amendment or modification. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercises thereof or the exercise of any other right, power or remedy.

C. Benefit.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Agreement shall not be assigned by Franchisee without the prior written consent of Franchisor.

D. Construction.

This Agreement was accepted by Franchisor in California. Except to the extent governed by the U.S. Trademark Act of 1946, this Agreement shall be governed by and construed in accordance with the laws of the State of California; provided, however, that if any of the covenants contained in this Agreement would not be enforceable under the laws of California and the Franchised Business is located outside of California, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. California law shall prevail in the event of any conflict of law, except as specifically provided otherwise by any applicable state franchise investment laws, rules or regulations. If any provision of this Agreement relating to termination, nonrenewal or assignment of the franchise, or choice of law, jurisdiction or venue is inconsistent with any applicable state franchise investment law, rules or regulations, such applicable state law shall apply. Any addendum to this Agreement required by the regulatory authorities of any state for the purpose of disclosing salient provision of such state's law is hereby made a part hereof.

E. Jurisdiction and Venue.

Franchisee hereby irrevocably agrees that subject to Franchisor's sole and absolute election, any and all suits, actions or other proceedings with respect to, arising out of or in connection with this Agreement shall be litigated in courts having a situs within Orange County California. Franchisee hereby consents and agrees that the following courts shall have personal jurisdiction over Franchisee in all lawsuits relating to or arising out of this Agreement, and hereby submits to the jurisdiction of the following courts and irrevocably waives any defense Franchisee may have of lack of personal jurisdiction in any such lawsuits filed in these courts: (a) all courts included within the state court system of the State of California; and (b) all courts of the United States of America sitting within the State of California, including, without limitation, all United States District Courts within the State of California. Franchisee hereby consents and agrees that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and hereby irrevocably waives any right Franchisee may have to transfer or change the venue in any such lawsuits filed in these courts: (a) the state court of the county where Franchisor has its principal place of business. In the event any of these courts are abolished, Franchisee agrees that venue shall be proper in the state or federal court in California that most closely approximates the subject matter jurisdiction of the abolished court as well as any of these courts that are not so abolished. Any and all lawsuits filed by Franchisee against Franchisor (whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement shall be required to be filed in one of these courts. Any and all lawsuits filed by Franchisor against Franchisee may be filed in any of these courts or in any court in which jurisdiction and venue are proper. In all lawsuits relating to or arising out of this Agreement, Franchisee consents and agrees that Franchisee may be served with process outside the State of California in the same manner of service that may be made within the State of California by any person authorized to do service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. Franchisee hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

F. Headings.

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of any provision of this Agreement.

G. Notices.

All payments shall be made to, and all notices, requests, demands and other communications hereunder shall be deemed to have been duly received by, the person to whom addressed when personally delivered or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed:

in the case of Franchisor: Ra Yoga Franchising Group LLC
3077 Bristol St Suite A, Costa Mesa CA 92626
or to such other persons or address as Franchisor may from time to time furnish to Franchisee;

in the case of Franchisee: _____ at:

_____

_____

_____

H. Severability.

In the event that any provision of this Agreement, in whole or in part (or the application of any provision to a specific situation), shall be held, by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, to be invalid, unenforceable or in violation of any federal, state or local law, regulation or ordinance applicable to this Agreement, such invalidity shall be limited to such specific provision or portion thereof (or to such situation), and this Agreement shall be construed and applied in such manner as to minimize such invalidity. All other provisions of this Agreement shall otherwise remain in full force and effect.

If any applicable and binding law or regulation of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or regulation of any jurisdiction any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor is invalid or unenforceable, then the prior notice and/or other action required by such law or regulation shall be substituted for the comparable provisions hereof, and Franchisor shall have the unlimited right to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisor agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it was separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or from any specification, standard, or operating procedure prescribed by Franchisor, any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Any such modifications to this Agreement shall be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions.

I. Survival of Covenants.

All provisions of this Agreement which, by their terms, are intended to survive the termination or expiration of this Agreement (such as, by way of illustration and not limitation, the provisions relating to confidential information, indemnification, post-termination competition, and the Marks), and all provisions hereof necessary to enforce and interpret such provisions (such as, by way of illustration and not limitation, the provisions relating to arbitration and injunctive relief), shall survive the termination, expiration or cancellation of this Agreement or the franchise granted hereunder.

J. No Third-Party Beneficiaries.

Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or entity, not a party hereto.

K. Counterparts.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

L. Acknowledgment of Franchisee.

Franchisee acknowledges receipt of Franchisor's Franchise Disclosure Document for Prospective Franchisees and exhibits thereto (including a list of Franchisees, Franchisor's financial statements, and a copy of this Agreement) at least ten (10) business days prior to the execution of this Agreement.

Franchisee acknowledges and agrees that Franchisor's salesmen are not authorized to bind Franchisor in any way.

FRANCHISEE ACKNOWLEDGES THAT THERE HAVE BEEN NO REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PROFORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY FRANCHISOR OR ITS AGENTS, SALESMEN, DIRECTORS, OFFICERS, OR EMPLOYEES, OR ANY OTHER SALESMEN OR OTHER PERSON OR ENTITY REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS SALES, COSTS OR EXPENSES OF FRANCHISOR'S FRANCHISES GENERALLY OR OF ANY SPECIFIC RA YOGA FRANCHISEE, NOR HAS FRANCHISEE RELIED UPON ANY REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PROFORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY FRANCHISOR OR ITS AGENTS, DIRECTORS, OFFICERS, EMPLOYEES OR SALESMEN OR OTHER ASSOCIATES REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS SALES, COSTS OR EXPENSES OF FRANCHISOR'S FRANCHISES GENERALLY OR OF ANY SPECIFIC RA YOGA FRANCHISEE OR WITH RESPECT TO ANY OTHER MATERIAL FACT RELATING TO THE DEVELOPMENT OF FRANCHISOR'S FRANCHISES IN THE AREA WHEREIN FRANCHISEE INTENDS TO LOCATE ITS RA YOGA FRANCHISED BUSINESS OR ANY OTHER MATTER PERTAINING TO FRANCHISOR.

THERE IS NO OTHER AGREEMENT, REPRESENTATION OR WARRANTY MADE BY FRANCHISOR OR ANY OTHER ENTITY OR PERSON ASSOCIATED WITH FRANCHISOR OTHER THAN CONTAINED IN THIS AGREEMENT OR FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES.

XI. ENFORCEMENT

A. Injunctive Relief.

Franchisor shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (a)

Franchisee's use of the Marks; (b) the obligations of Franchisee upon the termination or expiration of this Agreement; (c) Covenants of Franchisee; (d) any assignment or transfer of this Agreement or any ownership interest contrary to this Agreement; or (e) as necessary to prohibit any act or omission by Franchisee or its employees or agents: (i) that would constitute a violation of any applicable law, ordinance, or regulation: (ii) that is dishonest or misleading to Franchisor and/or Franchisor's other franchisees; or (iii) that, in Franchisor's reasonable judgment, may harm, tarnish, impair or reflect unfavorably upon the reputation, name, services or operation of the Franchised Business, Franchisor, the System or the Marks.

B. Arbitration.

Except as otherwise provided herein, any claim or controversy arising out of or related to this Agreement, or the breach thereof, shall be settled by mandatory binding arbitration in Orange County California, in accordance with the U.S. Arbitration Act, if applicable, and the Rules of the American Arbitration Association (in accordance with the rules relating to the arbitration of disputes arising from franchise and license agreements, if any, or otherwise in accordance with the general rules of commercial arbitration), provided that at the option of Franchisor or Franchisee the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association (if obtainable, or otherwise in accordance with the customary procedures for selecting an arbitrator). The arbitrator shall allow discovery in accordance with the Federal Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award, and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor of Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. All arbitration proceedings will be individual proceedings between Franchisor and Franchisee, and will not be conducted on a "class" basis, or include any other of our franchisees as named parties unless Franchisor and Franchisee each agree. The arbitration proceedings shall take place in Orange County California or the county in the state where the Franchisor is then headquartered.

C. Jury and Special Damages

FRANCHISEE AND FRANCHISOR EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IF THERE IS A DISPUTE WITH THE OTHER, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT INCLUDING REASONABLE ACCOUNTING AND/OR LEGAL FEES AS PROVIDED IN SECTION 22.C. FRANCHISEE WAIVES AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST FRANCHISOR CONCERNING THIS AGREEMENT OR ANY RELATED AGREEMENT. IN ANY CLAIM OR ACTION BROUGHT BY FRANCHISEE AGAINST FRANCHISOR CONCERNING THIS AGREEMENT, FRANCHISEE'S CONTRACT DAMAGES SHALL NOT EXCEED (amount?) AND SHALL BE LIMITED TO REFUND OF FRANCHISEE'S FRANCHISE FEE PAYMENTS.

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the Effective Date.

FRANCHISOR:	BUSINESS ORGANIZATION DEVELOPER:
RA YOGA FRANCHISING GROUP LLC	
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

INDIVIDUAL DEVELOPER:	INDIVIDUAL DEVELOPER
_____	_____
Signature	*Signature*
_____	_____
Print Name	Print Name
Date: _____	Date: _____

EXHIBIT A

TO THE

AREA DEVELOPMENT AGREEMENT

The Development Area is as follows:

_____

_____

_____ [attach map if necessary]

FRANCHISOR:	BUSINESS ORGANIZATION DEVELOPER:
RA YOGA FRANCHISING GROUP LLC	
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____
INDIVIDUAL DEVELOPER:	INDIVIDUAL DEVELOPER
_____	_____
Signature	*Signature*
_____	_____
Print Name	Print Name
Date: _____	Date: _____

EXHIBIT B

TO THE AREA DEVELOPMENT AGREEMENT

Fees; Development Schedule

Fees The Development Fee is $36,000 per additional franchises for stores 2-5, which shall be payable ½ upon signing area development agreement and ½ upon signing franchise agreement,

Development Schedule (Section 3). Developer agrees to establish and operate a total of _____ Ra Yoga in accordance with the timetable set forth below. _____

The Minimum Number of Ra Yoga Franchised Businesses required in Compliance by Each Opening Deadline	Deadline for Executing Franchise Agreement for Each Franchised Business

Ownership of Developer (Section 7.2(a)): If the Developer is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the Developer:

Name	Percentage Ownership
_____	_____%
_____	_____%
_____	_____%

_____ _____%

FRANCHISOR: RA YOGA FRANCHISING GROUP LLC	BUSINESS ORGANIZATION DEVELOPER:
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

INDIVIDUAL DEVELOPER:	INDIVIDUAL DEVELOPER
_____	_____
Signature	*Signature*
_____	_____
Print Name	Print Name
Date: _____	Date: _____

EXHIBIT B. FRANCHISE AGREEMENT

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement

BETWEEN

RA YOGA FRANCHISING GROUP LLC

FRANCHISOR

AND

_____

FRANCHISEE

_____

Location (Common Territory Name)

_____

DATED

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RA YOGA FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the Agreement), made by and between Ra Yoga Franchising Group LLC, a California limited liability company (the Franchisor), and _____, a(n) _____ (the Franchisee) on the date signed herein by the franchisor herein- _____ (the Effective Date).

W I T N E S S E T H:

WHEREAS, Franchisor has dedicated time, skill, effort, and money to create and develop and continues to develop a system (the System) for the establishment and operation of a distinctive type of business (referred to as a Ra Yoga or the Franchised Business) that offers yoga classes, therapy, and private instruction; and

WHEREAS, the System consists of distinctive methods and procedures for marketing and advertising; specially designed business forms and procedures for the efficient operation of the Franchised Business; an operations manual (the Manual); and specially designated equipment, techniques, and procedures for the promotion and provision of Franchisee's services; and

WHEREAS, Franchisor has invested substantial amounts of money to develop, and continues to develop, use and control the use of the marks Ra Yoga design, stylized, any derivatives thereof, and certain other trade names, business names, service marks, trademarks, logos, designs and trade symbols (collectively referred to as the Marks) to identify to the public the source of services marketed thereunder and through the Ra Yoga System and to represent the Ra Yoga uniform and high standards of quality; and

WHEREAS, Franchisor has applied to register the mark Ra Yoga with the United States Patent and Trademark Office, and claims the exclusive right to use all of the Marks and any derivatives thereof in connection with the operation of the Ra Yoga System, as are now or may from time to time be designated in writing by Franchisor for use in connection with the operation of the System, and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality and service, the necessity of opening and operating the Franchised Business in conformity with Franchisor's standards and specifications as presented in Franchisor's Manual and updates, and preserving the confidentiality of the System; and

WHEREAS, Franchisee has applied for a license to operate a Ra Yoga Franchise. In reliance upon all of the representations made by Franchisee in the application and in this Agreement, Franchisor has approved Franchisee's application;

NOW, THEREFORE, in consideration of the above Recital, which is incorporated herein as if fully rewritten, and the mutual promises contained herein, the parties agree as follows:

I. APPOINTMENT

A. Grant of Franchise.

Franchisor grants to Franchisee the right to operate an Ra Yoga Franchised Business under the System and the Marks and using the system standards set (referred herein as "**System Standards**" which include the terms of this Agreement, the Manual (as defined here), other directives provided by Franchisor) at the location (the Site) and in the geographic area specified in the Territory Addendum attached as Exhibit B, which thereby constitutes the collectively Franchised Business Territory (the "**Territory**") to offer and sell Permitted Products and Services (as defined herein) within the Territory in accordance with this Agreement.

Subject Franchise Agreement terms, your will are granted a limited franchise to offer and sell Ra Yoga products and services at or within a radius of the 5 miles from Site or a population of the 200,000 persons, whichever is less which is referred to as your Franchised Business Territory.

You may only solicit customers and accept orders within your Territory. You do not have the right to use other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory, unless we give you written consent to serve another specified area where no other Ra Yoga Franchising Group LLC franchise or company-owned unit is located. If you are granted consent to service another specified area, you shall be obligated to a pay royalty fees and other to us for the services performed or products sold.

B. Franchisor Restrictions.

Provided that Franchisee is not in breach of this Agreement, and except as otherwise set forth herein, Franchisor shall not establish or franchise another to establish, a Ra Yoga within the Territory If for any reason the boundaries of the Territory are moved, altered, or eliminated, Franchisor shall re-define the boundaries of the Territory to correspond as nearly as possible, in Franchisor's discretion, to Franchisee's original Territory, and Franchisor's decision shall be final and binding upon both Franchisor and Franchisee.

C. Reserved Rights.

Franchisor specifically reserves all rights not expressly granted to Franchisee in this Agreement. Without limiting the generality of the preceding sentence, Franchisor has the right to:

1. own, acquire, establish and operate, and license others to establish and operate, businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks, outside the Territory.

2. acquire a system of Competitive Businesses (as defined herein) with units located within the Territory or outside the Territory, subject to the provisions of this Agreement.

3. Sell or franchise others to sell the services and products authorized for Ra Yoga Franchised Business using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, venues, site or location models other than real property space concepts, joint marketing with partner companies, direct mail, catalogue sales, Internet sites and co-branding strategies, pursuant to such terms and conditions as Franchisor deems appropriate.

4. offer and sell the services and products authorized for Franchised Business using the Marks or other trademarks, service marks and commercial symbols to Special Accounts as defined and a per the conditions set forth in this Agreement.

Franchisor, its affiliates or a franchisee or licensee may own, acquire, establish and operate, and license others to establish and operate, businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks in any temporary or permanent venue where there is a captive audience and where the primary purpose is other than patronizing a Ra Yoga business (referred herein as a "**Special Venue**"), in the way of examples, but not an exhaustive list: malls, entertainment and sports centers, military bases, transportation facilities, supermarkets, service stations, and carnivals within the Development Area or outside of the Territory.

D. Special Accounts.

Franchisor has the exclusive right to contract with customers whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Ra Yoga territory or the trading area of a single Franchise, Franchisor-owned or Affiliate-owned business (referred to herein "**Special Accounts**"). If Franchisor establishes a contract for facilities of a Special Account located in the Territory, Franchisor shall offer Franchisee the first option of providing the services to the Special Account at those facilities in the Territory at the prices and subject to the contract requirements negotiated by Franchisor with the Special Account. If Franchisee accepts the project, the Franchisor will collect all amounts due from the Special Account and remit to Franchisee the amount due for products and services rendered Special Account, less a number of Royalties and other fees due under this Agreement. All amounts collected from Special Accounts on Franchisee's behalf or by Franchisee from Special Accounts will be included in Franchisee's Gross Revenues for purposes of calculating Royalties other fees due under this Agreement.

If Franchisee declines to accept the project, Franchisor will have the unfettered right to fulfill the contract requirements to the Special Account in the Territory in any manner it deems suitable, including through another Ra Yoga Franchisee, a Franchisor or Affiliate-owned business, or a third-party contractor. Additionally, if at any time a Special Account for any reason requests that services in the Territory be provided by someone other than Franchisee, Franchisor may revoke Franchisee's option or right to provide or continue to provide the services, and may fulfill the contract requirements of the Special Account in the Territory in any manner Franchisor deems suitable.

E. Acquisition of Competing System.

If Franchisee is in compliance with this Agreement and Franchisor acquires a system of Competitive Businesses (an "**Acquired System**") during the term of this Agreement, the following terms apply:

1. Franchisor shall offer Franchisee the option to purchase and operate, as a Ra Yoga Franchise, any unit of the Acquired System (an "**Acquired Unit**") that is both purchased by Franchisor for operation by Franchisor or an Affiliate (e.g., the unit will not be operated by a licensee of the Acquired System) and is located within the Territory. Franchisor shall provide Franchisee with written notice of Franchisor's purchase of the Acquired System, the terms and conditions applicable to Franchisee's option to purchase Acquired Units, and such other information that Franchisor deems necessary to be included in the notice. The terms and conditions offered to Franchisee will include, without limitation, the following: (i) the purchase price of the unit; and (ii) the requirement that Franchisee enter into Franchisor's then-current form of the franchise agreement for the

Acquired Unit, provided that Franchisee shall not be required to pay an Initial Franchisee Fee for an Acquired Unit. If Franchisee does not elect to purchase or fails to complete the purchase of, an Acquired Unit within two (2) months after its receipt of the notice, Franchisor has the right to operate itself, or through an Affiliate or third-party licensee, the Acquired Unit under any trade name or trademark other than the Marks.

2. Franchisee has no right to purchase, and Franchisor is not obligated to offer Franchisee any option to purchase, any Acquired Unit that is operated by a licensee under the Acquired System. Franchisor may license such unit to be operated under any trade name or trademarks other than the Marks, and may also license additional units of the Acquired System to be developed and operated within the Territory.

II. TERM AND RENEWAL

A. Initial Term.

Except as otherwise provided, the term of this Agreement shall be for a period of 10 years commencing on the date set forth on the cover hereof.

B. Renewal.

Upon the expiration of the initial term or any renewal term hereof, Franchisee may, at its option, renew this Agreement for an additional term of 10 years (the "**Success Franchise**"), provided that at the end of each term:

1. Franchisor is still offering Franchises at the time of each renewal period;

2. Franchisee has given Franchisor written notice of its election to renew not less than six (6) months, but not more than one (1) year, prior to the end of the preceding term;

3. Franchisee is not in default under any provision of this Agreement, any amendment or successor thereto, or any other agreement or instrument between Franchisee and Franchisor or its affiliates, approved suppliers of the System and had substantially complied with all of the terms and conditions of all such agreements during the then current terms;

4. Franchisee has access to and the right to remain in possession of the Site, or a suitable substitute location that is approved by Franchisor and meets Franchisor's then-current specifications and standards, for the entire term of the Successor Franchise.

5. Franchisee shall refurbish the Franchised Business to conform to the then-current trade dress, color schemes, and presentation of the Marks and Systems Standards;

6. Franchisee executes Franchisor's then-current form of franchise agreement and all other agreements and contracts that normally and customarily signed by franchisees, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, different royalty and Advertising Contributions; provided, however, the agreement offered Franchisee upon renewal shall not require Franchisee to pay the initial franchise fee again;

7. Franchisee must pay Franchisor a Successor Franchise Fee of 25% of the then current Initial Franchise Fee at the same time that Franchisee gives Franchisor the written request required by this Section. If Franchisor

refuses to grant Franchisee a Successor Franchise, Franchisor shall, at the same time Franchisor notifies Franchisee of the refusal, refund the Successor Franchise Fee paid by Franchisee. The Successor Franchise Fee is not refundable under any other circumstances;

8. Unless prohibited by the laws of the state in which Franchisee is located, Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, partners, members, agents and employees, in their corporate and individual capacities; and

9. Franchisee shall comply with Franchisor's then-current qualification and training requirements, including, without limitation, any training requirements specifically designated for renewing Franchisees.

C. Interim Term.

If Franchisee does not execute a Successor Agreement before the expiration of the Agreement and Franchisee continues to accept the benefits of this Agreement after the expiration, then at Franchisor's option, this agreement may be treated either as: (i) expired as of the expiration date, 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 (the "**Interim Term**") until terminated by either party with at least one month written notice. In the latter case, all of Franchisee's obligations will remain in full force and effect during the Interim Term as if this agreement had not expired, except Royalty Fees, Advertising Contributions, and all other Fees shall be at the Franchisor's then-current rates and amounts plus an additional 2% royalty on gross revenues, and all obligations and restrictions imposed on Franchisee upon the expiration of this agreement will be deemed to take effect upon termination of the Interim Term. Except as described in this paragraph, Franchisee has no rights to continue to operate the Franchised Business following the expiration of the Initial Term. If any applicable Franchise Law requires a longer notice period, the one-month period will be deemed modified to be the shortest notice period required by the Franchise Law.

III. INITIAL AND ON-GOING FEES

A. Initial Franchisee Fee.

Franchisee shall pay Franchisor an initial franchise fee of $45,000 in cash or by check, money order, or bank draft. The initial franchise fee is fully earned, due and payable to Franchisor upon the execution of this Agreement, in consideration of, among other things, the administrative and other expenses incurred by Franchisor in furnishing items to Franchisee as described herein and for Franchisor's lost or deferred opportunity to franchise to others. Except as provided in below, the initial franchise fee is not refundable.

B. Royalty Fee.

Following the commencement of the Franchised Business and in consideration of Franchisee's continued right to utilize the System and the Marks and Franchisor's ongoing assistance as described herein, Franchisee shall pay Franchisor a fee (the "Royalty Fee") of 6% of Gross Revenue. Royalty Fees are due and payable by the 15th of each month based upon Franchisee's Gross Revenues for the preceding calendar month. Franchisee shall also pay all federal, state and local sales or use taxes that may be levied or assessed, in whole or in part, on the

Royalty Fees payable to Franchisor, regardless of whether such taxes be assessed against or payable by Franchisor or Franchisee.

C. Advertising Fee.

Franchisee shall contribute to such national and/or regional advertising funds as Franchisor may establish for advertising for the System, an advertising fee equal to 1% of Gross Revenue, of Franchisee's Gross Revenues (the Advertising Fee). Advertising Contributions are due and payable by 15th of each month based upon Franchisee's Gross Revenues for the preceding calendar month. Franchisee shall also pay all federal, state and local sales or use taxes that may be levied or assessed, in whole or in part, on the Advertising Contributions payable to Franchisor, regardless of whether such taxes be assessed against or payable by Franchisor or Franchisee.

D. Late Payments.

Franchisee shall pay Franchisor a late fee of $150 plus interest at of the rate of 5% for each Royalty Fee or Advertising Fee payment that is not received by Franchisor within five (5) days after the due date or the highest rate allowed by law, whichever is lower, from the date payment is due to the date payment is received by Franchisor, regardless of any subordinate agreement that may be in effect to postpone payment of fees.

E. Gross Revenues.

The term "**Gross Revenues**", as used in this Agreement, shall mean all sales and other income (recognized on an accrual basis), whether cash or credit or barter for exchange (regardless of collection in the case of credit), arising from the operation of the Franchised Business, less (i) all refunds and discounts made to clients in good faith and in accordance with Franchisor's policies, and (ii) any sales or excise taxes that are separately stated and that Franchisee may be required to and does collect from clients and pays to any federal, state, or local taxing authority.

F. Technology Fee.

Franchisee shall pay Franchisor a Technology Fee of $2,400 yearly for the use of the computer system software and applications. Franchisor may increase the Technology Fee upon 30 days written notice to you.

G. Method of Payment.

Franchisee agrees to remit fees and any other amounts due Franchisor hereunder via electronic funds transfer or other means as Franchisor may stipulate. Franchisee agrees to execute and deliver to Franchisor an authorization for electronic transfer of funds (in the form attached hereto as Exhibit E or such other form as Franchisor may accept) for direct debits from Franchisee's business bank operating account, and to comply with procedures specified by Franchisor and perform such acts as may be necessary to accomplish payment by electronic fund transfer. Franchisee authorizes Franchisor to initiate debit entries and/or credit correction entries to a designated checking account for payment of royalties , Advertising Contributions, or any other amounts payable to Franchisor, including, but not limited to, attorney fees, interest, and late fees. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment therefor. If Franchisee has not timely reported Franchisee's Gross Revenues to Franchisor for any reporting period, then Franchisor shall be authorized to debit Franchisee's account in an amount equal the

Royalty Fees and Advertising Contributions payable by Franchisee for the last reporting period for which a statement of operations was received from Franchisee. Nothing contained in this paragraph shall be construed to waive Franchisee's obligations to submit any reports, records or other materials required by this Agreement, or waive any remedy available to Franchisor for Franchisee's failure to make timely payments.

IV. OPENING OF FRANCHISED BUSINESS

A. Site.

Franchisee shall solely operate the Franchised Business from a real property space that is approved by and meets Franchisor's then site requirements (Site) and is identified in Exhibit B to this Agreement.

Franchisee acknowledges and agrees that Franchisor's approval of the Site is solely based upon the Site conforming to System Standards and is not intended as and should not be interrupted as an opinion, testament, or assurances regarding the success or profitability of the specific Site.

Franchisee may relocate the Site of the Franchised Business so long the new Site meets Franchisor's then-current Site requirements and is approved by Franchisor and Franchisee reimburses Franchisor for any costs and expenses incurred by Franchisor in the Franchised Business relocation.

B. Schedule of Equipment.

Franchisor shall provide, at no charge to Franchisee, a schedule of all equipment necessary to operate the Franchised Business.

C. Franchisee Obligations.

Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, design, and operation of the Franchised Business. In the event Franchisee receives any complaint, claim, or other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of such notice within five days after receipt thereof.

D. Opening Date.

Franchisee shall complete all pre-opening requirements hereunder before opening the Franchised Business, and Franchisee shall open the Franchised Business, in accordance with the requirements contained herein, in the Manual, and/or elsewhere in writing by Franchisor, not later than 270 days after the execution of this Agreement. Time is of the essence.

E. Notice and Franchisor's Final Inspection Approval.

In connection with the opening of the Franchised Business, Franchisee shall provide at least thirty (30) days prior notice to Franchisor of the date on which Franchisee proposes first to open the Franchised Business for business. Franchisee agrees not to open Franchised Business without first obtaining Franchisor's final written inspection approval.

V. TRAINING AND ASSISTANCE

A. Initial Training.

Prior to opening the Franchised Business, you and your you and one manager shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor at a location designated by Franchisor. If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attends and successfully complete, to Franchisor's satisfaction, the initial training program.

Franchisee acknowledges that the grant of the franchise under this Agreement is conditioned upon the successful completion of Franchisor's initial training program by Franchisee or if Franchisee is other than an individual, the Designated Manager. If, during the course of the initial training program or within fifteen (15) days thereafter, Franchisor concludes that Franchisee or the Designated Manager, as the case may be, has not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to successfully operate a Ra Yoga Franchised Business in accordance with the standards and procedures of the Ra Yoga Methods and the System, Franchisor may, in its sole discretion and judgment, cancel this Agreement and all rights hereunder by giving notice to Franchisee. Upon the cancellation of this Agreement pursuant to this paragraph, Franchisee shall return to Franchisor the Manual and all other materials, information, and other items that Franchisee received from Franchisor, including all copies thereof and notes thereon. Franchisee agrees to maintain the confidentiality of all information strictly received relating to the Ra Yoga Method and not to use, in connection with the offering or selling of yoga classes, therapy, and private instruction, or similar business, any trade secrets or confidential information obtained from Franchisor.

B. Training of Replacement Personnel.

If Franchisee's Designated Manager or Franchised Business Manager ceases active employment in the Franchised Business, Franchisee shall designate a new Designated Manager who meets Franchisor's then-current training requirement and is approved by Franchisor within a reasonable amount of time after the cessation of such former Designated Manager's employment, but no later than forty-five (45) days. Franchisor reserves the right to review any Franchisee-trained personnel and require that such persons attend and complete, to Franchisor's satisfaction, the initial training programs offered by Franchisor at a location designated by Franchisor.

C. Ongoing Training.

Franchisor may also require that Franchisee (and/or its Designated Manager), employees, and contractors attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time.

D. Annual Meeting.

Franchisor may require Franchisee (or if Franchisee is other than an individual, the Designated Manager) to attend a regional or national meeting of Ra Yoga franchisees at a location within the United States designated by Franchisor. Franchisor reserves the right to charge Franchisee a fee for such meetings. This provision shall not be construed to require Franchisor to hold, provide, sponsor, host, or organize any such meetings.

E. Continuing Assistance.

Franchisor will provide Franchisee, at no charge to Franchisee, periodic and continuing advisory assistance with technical, operational, sales, personnel, accounting, or other issues affecting the day-to-day operation of the Franchised Business in such manner and frequency as Franchisor deems advisable.

F. Training Costs.

For all training courses, seminars, and programs, Franchisor shall provide instructors and training materials, provided that Franchisor reserves the right to charge a fee for a refresher, remedial, and additional training it provides. Franchisee shall bear the cost of all other expenses for its attendees during the training period, including, without limitation, the costs of transportation, lodging, meals, wages, and workers' compensation insurance.

VI. SYSTEM STANDARDS

A. Standards.

Franchisee acknowledges and agrees that every detail of the System is important, not only to Franchisee but also to Franchisor and other Ra Yoga franchisees, in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services offered by all franchisees, to establish and maintain a reputation for uniform, efficient, high quality products and services, and to protect the goodwill of all Ra Yoga franchises. Franchisee further acknowledges and agrees that a fundamental requirement of the System, this Agreement, and other Ra Yoga franchises are adherence by all Franchisees to the uniform specifications, standards, operating procedures and rules prescribed by Franchisor for the development and operation of the Franchised Business (collectively referred to as System Standards). Accordingly, Franchisee agrees to comply with each and every System Standard, as periodically modified and supplemented by Franchisor in its sole and absolute discretion, during the term of this Agreement. Franchisee further agrees that System Standards prescribed from time to time in the Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth in this Agreement. All references to this Agreement include all System Standards as periodically modified. Franchisee agrees to comply with System Standards and not to deviate from Franchisor's specifications, or procedures.

B. Supplier Approval.

Franchisee shall purchase all supplies, equipment, marketing materials, and other products and materials required for the operation of the Franchised Business as the Franchisor designates from time to time solely from vendors and suppliers who demonstrate to Franchisor's continuing reasonable satisfaction the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved, in writing, by Franchisor and not thereafter disapproved. If Franchisee desires to purchase any items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval or shall request the supplier itself to do so. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent certified laboratory designated by Franchisor, for testing, and the actual cost of the tests shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities

and products of any such approved supplier, and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's criteria. Franchisor may charge a reasonable fee for inspection, review, and approval of suppliers. Franchisor may revoke supplier approval at any time for any reason upon notice to the franchisee.

C. Products and Services.

Franchisee shall offer and sell all products and services, and only those products and services, authorized by Franchisor and specified in the Manual or as designated in writing by Franchisor (the "**Permitted Products and Services**"). Franchisor may unilaterally add and delete products or services to or from the Permitted Products and Services at any time. The franchisor may also designate any products or services as optional.

D. Pricing.

Franchisor has the right to provide recommended and suggested pricing for the Franchised Business products and services.

E. Promotions.

Franchisee shall fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional and other programs, initiatives and campaigns adopted by Franchisor that Franchisor requires Franchisee to participate in.

F. Fixtures and Furnishings.

Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, signs, communication and information system, and other equipment as may be specified by the System Standards from time to time; and shall not permit the installation of any fixtures, furnishings, signs, communication and information system, or other equipment not conforming to the System Standards.

G. Maintenance Standards.

Franchisee shall at all times maintain the Franchised Business in a high degree of cleanliness, repair, and condition, and in connection therewith and shall make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, fixtures, equipment, and décor as Franchisor may direct.

H. Refurbishing.

At the request of Franchisor, which may be made once every (2) years during the term of this Agreement (excluding any periods of renewal of the franchise rights, for which additional refurbishment may be required), Franchisee shall refurbish the Franchised Business at its own expense to conform to the trade dress, color schemes, and presentation of the Marks in a manner consistent with the image then in effect for the new Ra Yoga Franchised Business under the System. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements. Franchisee shall complete the refurbishing within the time period specified by Franchisor.

I. Variance.

Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege to vary System Standards for any Ra Yoga Franchisee based upon any condition that Franchisor deems to be of importance to the successful operation of such franchisee's business.

VII. FRANCHISED BUSINESS OPERATIONS

A. Business Operation.

After opening, Franchisee shall maintain the Franchised Business in continuous operation during all normal business hours as provided for in the Manual during the term of this Agreement. Franchisee shall use its best efforts to promote and develop the market for the Permitted Products and Services. The Franchised Business must at all times be under the direct supervision of Franchisee, the Designated Manager, or the Franchised Business Manager, who must devote his/her full time and energy to the operation of the Franchised Business is approved by Franchisor and has successfully completed Franchisor's initial training.

B. Inspection.

To ensure compliance with this Agreement and System Standards, Franchisor or its designated agents have the right, at any reasonable time and without prior notice, to (i) inspect the Franchised Business; (ii) observe Franchise Owner and its employees during the performance of work; (iii) confer with the Franchise Owner and its employees; (iv) contact and interview customers and suppliers/distributors of Franchise Owner; (v) inspect, inventory, and check any and all inventory, equipment, signage, fixtures, furniture and operating methods of the Franchise Owner; (vi) test products and supplies; and (vii) conduct online or other surveys and secret shoppers, including tape-recorded and interviews. Franchisor may require that Franchisee furnishes its customers with an evaluation form specified by the Franchisor pre-addressed to the Franchisor. Franchisee agrees to fully cooperate with representatives of the Franchisor making any inspection or observing or evaluating the work of Franchisee or its employees. If any inspection conducted by Franchisor or its designee reveals that the Franchised Business fails to meet System Standards, Franchisor may charge the then current standard re-inspection fee. Franchisee's failure to achieve or exceed System Standards in two (2) inspections in any twenty (24) month period is a material breach of this agreement, for which Franchisor, in addition to its other legal and equitable remedies, may terminate this Agreement, refuse to renew the Franchise granted under this agreement, or reduce the geographic size of the Territory.

C. Payment of Liabilities.

Franchisee shall at all times pay its distributors, lessors, contractors, suppliers, trade creditors, employees, and other creditors promptly as the debts and obligations to such persons become due, and hold Franchisor harmless therefrom. Franchisee's failure to do so shall constitute a breach of this Agreement. In the event Franchisee shall fail to pay any such obligations promptly as the debts to such persons or entities become due, Franchisor shall, in addition to its other remedies provided in this Agreement, have the right, at its election and without being obligated to do so, to pay such obligations and the amount or amounts paid therefor shall be paid by Franchisee to Franchisor with the next succeeding payment due Franchisor under this Agreement, together with

interest at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

D. Payment of Taxes.

Franchisee shall at all times pay its taxes on real and personal property, leasehold improvements, and fixtures and equipment, and all sales, payroll and other taxes promptly when due and hold Franchisor harmless therefrom. Franchisee's failure to do so shall constitute a breach of this Agreement. All taxes shall be paid directly to the taxing authorities prior to the delinquent date. If any taxes become delinquent, Franchisor may elect to pay the delinquent tax on behalf of Franchisee, together with penalties and interest, if any, and Franchisee agrees, upon demand of Franchisor, to reimburse Franchisor for any sums so paid by Franchisor, together with interest at the rate of eighteen percent (18%) per annum, or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

E. Compliance with Law.

Franchisee agrees to comply with all laws, regulations, and requirements of federal, state, municipal, and other governmental entities and agencies (including, but not limited to, Title VII of the Civil Rights Act, the ADA, the Age Discrimination in Employment Act, and any other federal, state or local employment laws relating to occupational hazards and health, consumer protection, employment discrimination, and sexual harassment), and to obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct the Franchised Business in any jurisdiction in which it operates. Franchisee agrees and acknowledges that Franchisee alone shall be responsible for compliance with the obligations under this paragraph and that Franchisor shall have no obligation with respect thereto.

F. Client Service.

Franchisee acknowledges that client satisfaction is essential to Franchisee's success as well as the reputation and success of the Marks, the System, and other Ra Yoga franchisees. Accordingly, Franchisee agrees to (i) use its best efforts to ensure the satisfaction of each of Franchisee's clients; (ii) use good faith and fair dealing in all dealings with clients, potential clients, suppliers and creditors; (iii) respond to client complaints in a courteous, prompt, and professional manner; and (iv) use its best efforts to promptly and fairly resolve client disputes in a mutually agreeable manner. If Franchisee fails to resolve a dispute with a client, for any reason whatsoever, Franchisor, in its sole discretion, may (but shall not be obligated to) investigate the matter and require Franchisee to take such actions as Franchisor deems necessary or appropriate to resolve the dispute fairly and promptly. Nothing contained in this Section or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

VIII. MANAGEMENT AND STAFFING

A. Non-Individual Franchisee.

If Franchisee is other than an individual, it shall comply with the following requirements prior to its execution of this Agreement:

1. Franchisee shall be newly organized, and its charter, articles of organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business;

2. Franchisee, prior to the execution of this Agreement, shall have provided Franchisor with written information as to each shareholder, member or partner of Franchisee ("Principals"), and the interest of each, on Exhibit A hereto, and shall promptly notify Franchisor of any changes in any such information during the term of this Agreement;

3. All Principals of Franchisee shall enter into an agreement, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor;

4. Each ownership certificate of Franchisee, if any, shall have conspicuously endorsed upon its face the following legend:

> "The transfer, sale or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with Ra Yoga dated _____."

5. Copies of Franchisee's articles of incorporation or organization, bylaws, partnership agreement, operating agreement, and other governing documents, including the resolutions of the Principals or Board of Directors authorizing the execution of this Agreement, shall be furnished to Franchisor for its approval; and

6. Franchisee's name shall not consist of or contain the Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

B. Designated Manager.

If Franchisee is other than an individual, prior to beginning the initial training program, Franchisee shall designate, subject to Franchisor's approval, an individual (the "**Designated Manager**") who shall be responsible for general oversight and management of the operations of the Franchised Business on behalf of Franchisee. Criteria for Franchisor's approval of the Designated Manager may include completion of the Franchisor's initial training, is approved by us and signs a non-compete, non-solicitation, confidentiality agreement, and other criteria as stipulated by Franchisor. Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager to have been given, by Franchisee, decision-making authority and responsibility regarding all aspects of the Franchised Business. In the event that the person designated as the Designated Manager dies, becomes incapacitated, leaves Franchisee's employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, Franchisee shall promptly, but no event later than forty-five (45) days, designate a new Designated Manager, subject to Franchisor's approval.

C. Franchised Business Staff.

Franchisee shall maintain a competent, conscientious, trained staff (who shall have been adequately trained per Franchisor Standards) in numbers sufficient to service customers promptly and properly, including at least a trained manager (or other trained supervisory employee in accordance with the Manual) on duty at all times at which the Franchised Business is open (including daily Franchised Business opening and closing procedures), and take such steps as are necessary to ensure that its employees preserve good customer relations and comply with

such dress code as Franchisor may prescribe.

D. Compliance with USA Patriot Act.

Franchisee certifies that neither Franchisee nor any of its Affiliates, Principals, employees or other Persons associated with Franchisee is an Embargoed Person. Franchisee shall not hire or have any dealings with an Embargoed Person or permit an Embargoed Person to hold an Ownership Interest in or position as a director or officer of Franchisee. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee or any of its Affiliates, Principals, employees or other Persons associated with Franchisee being an Embargoed Person. Franchisee shall comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws. In connection with that compliance, Franchisee certifies, represents and warrants that none of its property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its Affiliates and Principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities so stated in this agreement include Franchisee's obligations under this paragraph. Any misrepresentation by Franchisee under this paragraph or any violation of the Anti-Terrorism Laws by Franchisee, its Affiliates, Principals or employees, will constitute grounds for immediate termination of this Agreement and any other agreement between any Franchisor-Related Person and Franchisee or any of its Affiliates, Principals or employees.

IX. COMMUNICATIONS AND INFORMATION SYSTEMS

A. Computer System.

To ensure the efficient management and operation of the Franchised Business and the transmission of data to and from Franchisor, Franchisee, at its own expense, shall install, prior to opening the Franchised Business, and shall maintain and utilize during the term of this Agreement, such communication and information system as may be specified by the System Standards from time to time.

1. As used in this Agreement, the term communication and information system shall mean: hardware (including without limitation one or more computers and/or other computer components); software designated for the management and operation of the Franchised Business, as well as reporting and sharing information with Franchisor; and communication systems (including, without limitation, digital and analog modems, satellite, cable, and other systems).

2. Franchisee shall lease and/or purchase its communication and information system only from Franchisor Approved vendor or vendors or suppliers. Franchisee shall not install, or permit to be installed, any devices, software or other programs not approved by Franchisor for use with the communication and information system.

3. Franchisor may, from time to time, develop or authorize others to develop proprietary software programs for use in the System, which Franchisee may be required to purchase and/or license, and use, in connection with the Franchised Business. Franchisee agrees that it shall execute any license, sublicense, or maintenance

agreement and pay any applicable fees required by Franchisor or any other approved licensor or approved vendor of such proprietary software programs.

4. If required by Franchisor, Franchisee shall obtain and maintain a contract with a vendor that Franchisor has approved in writing for software maintenance, support, and upgrade services for Franchisee's communication and information system and to provide Franchisee with such assistance as Franchisee and Franchisee's employees may require. Franchisee acknowledges that Franchisor may be one of or the only, approved vendor for such services, and if Franchisee obtains these services from Franchisor, then Franchisee agrees that it shall pay Franchisor the maintenance fee and help desk fee specified by Franchisor for such services. Notwithstanding these rights of Franchisor, Franchisor shall not at any time be obligated to provide any such services or support for the hardware or software used in the communication and information system.

5. Franchisee shall upgrade and update its communication and information system in the manner, and when, specified by Franchisor in writing.

6. Franchisee shall have the sole and complete responsibility for the manner in which Franchisee's communication and information system interfaces with other systems, including those of Franchisor and other third parties, as well as any and all consequences that may arise if Franchisee's communication and information system is not properly operated, maintained, and upgraded.

7. Franchisee shall: (a) promptly enter, into its communication and information system, and maintain all information required to be entered and maintained by Franchisor; (b) provide to Franchisor such reports as Franchisor may request from the data so collected and maintained, and (c) permit Franchisor to access Franchisee's communication and information system at all times via modem or other means specified by Franchisor from time to time. Franchisee shall cooperate with Franchisor, and shall execute all documents required by Franchisor to permit access to Franchisee's communication and information system and data contained therein. The reporting requirements set forth in this Section shall be in addition to and not in lieu of the reporting requirements set forth otherwise in this Agreement.

8. Any and all data collected or provided by Franchisee, downloaded from Franchisee's communication and information system, and otherwise collected from Franchisee's system by Franchisor and/or provided to Franchisor is and shall be owned exclusively by Franchisor, and Franchisor shall have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee, including, but not limited to, the disclosure or distribution of such information to other franchisees of Franchisor, or the disclosure of such information to prospective franchisees of Franchisor, by inclusion in Franchisor's franchise disclosure document or otherwise; however, Franchisee is hereby licensed (without any additional fee) to use such data solely for the purpose of operating the Franchised Business, and such license shall automatically and irrevocably expire when this Agreement terminates or expires, without additional notice.

B. Telephone and Facsimile.

Franchisee shall maintain telephone and facsimile lines and features for use exclusively by the Franchised Business as required by Franchisor in the Manual or otherwise communicated to Franchisee from time-to-time.

1. Prior to opening the Franchised Business and thereafter at all times during the term of this Agreement, Franchisee shall obtain and maintain an e-mail account as specified by Franchisor that is capable of receiving and sending attached files of a size specified by Franchisor in the Manual or otherwise communicated to

Franchisee from time-to-time, along with a dial-up or high-speed cable or telephone (ADSL) Internet connection via a commercial Internet service provider.

2. Franchisor shall have the right, but not the obligation, to establish a Web Site and/or other electronic system providing private and secure communications (e.g., an extranet) between Franchisor, Franchisee, other franchisees, and other persons and entities as determined by Franchisor, in its sole discretion. If required by Franchisor, Franchisee shall establish and maintain access to the extranet in the manner specified by Franchisor, and shall from time to time execute such agreements and/or acknowledge and agree to comply with such policies concerning the use of the extranet as Franchisor may prepare.

X. RECORDS AND REPORTS

A. Records.

During the term of this Agreement, Franchisee shall maintain and preserve, for at least seven (7) years from the date of their preparation, full, complete and accurate books and records of accounts, prepared in accordance with generally accepted accounting principles, and client files and records pertaining to the Franchised Business granted pursuant to this Agreement, all in the form and manner prescribed by Franchisor in the Manual or otherwise in writing. In connection with its maintenance of such accounts and records, Franchisee, at its expense, shall:

1. Submit to Franchisor, on or before the 15th of each month during the term of this Agreement, a Gross Revenue Report and statement of operations in the form prescribed by Franchisor and certified by Franchisee or the Designated Manager, accurately reflecting Franchisee's Gross Revenues and the results of operations of the Franchised Business, respectively, during the preceding period, along with such other data or information as Franchisor may require.

2. Submit to Franchisor, monthly, quarterly, and/or annual financial report including balance sheets, cash flow statements, profit and loss statements, and other reports as required by Franchisor. All Reports shall be submitted timely in accordance with Franchisor's schedule, and all reports shall be certified by Franchisee or the Designated Manager to accurately reflect, respectively, the financial condition of the Franchised Business.

3. Submit to Franchisor signed copies of the federal income tax returns for the previous tax year, as filed with the Internal Revenue Service, of Franchisee and of any Principal who owns an ownership interest in Franchisee greater than or equal to fifty percent, on or before April 30 of each year, or, if the taxpayer has received an extension of time to file and submits to Franchisor a signed, file-stamped copy of IRS Form 4868 or

2688, as applicable, then within fifteen (15) days after the final due date for such return, but in no event later than October 30th.

4. Submit to Franchisor, for review or auditing, such other forms, reports, bank statements, client files, records, information, and data as Franchisor may designate, in the form and at such times and places as Franchisor may request.

5. Purchase and install such equipment as Franchisor may require automating the reporting of financial information and payment of recurring fees pursuant to this Agreement, including, but not limited to, Internet or intranet reporting and pre-authorization of electronic fund transfer or bank debit.

B. Franchisor Audits and Inspection.

At all times during the term of this Agreement and for a period of three (3) years after the termination or expiration of this Agreement, permit Franchisor or its designated agents at all reasonable times to examine, at Franchisor's expense and at such location as Franchisor may reasonably select, Franchisee's books and records of account, bank statements, canceled checks, client files, federal, state, and local income tax, sales and use tax, and payroll tax returns, the federal income tax returns of any Principal who owns an ownership interest in Franchisee greater than or equal to fifty percent, and any other information or records pertaining to the Franchised Business (collectively referred to as Franchisee's Business Records). If such an inspection should reveal that Gross Revenues have been understated in any report to Franchisor, then Franchisee shall immediately pay the amount of Royalty and Advertising Contributions due with respect to such understatement, plus the late fee and interest as provided by this Agreement. In addition, if an inspection discloses an understatement of Gross Revenues of three percent (3%) or more for any monthly period so inspected, or if an inspection is prompted by Franchisee's failure to maintain any records or to timely submit any report or other information required by this Agreement, then Franchisee shall also reimburse Franchisor for any and all costs and expenses of such inspection (including, without limitation, wages paid by Franchisor to its employees, travel expenses, and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. Franchisor shall also have the right, at any time, to have an independent audit made of Franchisee's Business Records.

XI. INDEMNIFICATION AND INSURANCE

A. Indemnification.

Franchisee is responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership, and operation of the Franchised Business and all claims or demands for damages to property or for injury, illness or death of persons, directly or indirectly arising out of, or in connection with, possession, ownership or operation of the Franchised Business or the actions or omissions of Franchisee, its employees, officers, managers, representatives, and agents. Franchisee agrees to indemnify, hold harmless and, at the Franchisor's request, defend the Franchisor and its affiliates and franchisees, and their agents, employees, attorneys, successors and assigns against any and all claims, suits, demands, losses, damages or liabilities and all related expenses, including reasonable attorneys' fees and court costs, which directly or indirectly arise out of, in connection with, or as a result of possession, Franchisee's ownership or operation of the Franchised Business or the acts or omissions of Franchisee. This indemnity obligation will continue in full effect even after the expiration, transfer or termination of this Agreement. The Franchisor's right to indemnity under this Agreement

will arise and be valid notwithstanding that joint or concurrent liability may be imposed on the Franchisor by statute, ordinance, regulations or other laws.

B. Insurance.

Franchisee must obtain and provide Franchisor with evidence of insurance in at least the minimum amounts and with the coverages specified by Franchisor. Evidence of this insurance must be initially provided before beginning operation of the Franchise Business. Certificates of renewal must be provided no later than 10 days before the expiration date of each policy. If Franchisee does not provide the Franchisor with evidence of any required insurance policies at any due date, Franchisor may purchase that insurance at the Franchisee's expense. Franchisee shall reimburse Franchisor on demand for Franchisor's cost in obtaining this insurance together with interest at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee. Each required policy of liability insurance must name Franchisor as an additional insured and must provide that Franchisor will be given at least 30 days' notice before cancellation, modification or amendment of the policy.

XII. PROPRIETARY MARKS

A. Use by Franchisee.

Franchisee's right to use the Marks as granted in this Agreement is limited to their use in connection with the operation of the Franchised Business within the Territory and otherwise as described herein and as set forth in the Manual or as may be prescribed in writing by Franchisor from time to time.

B. Exclusive Property of Franchisor.

Franchisee acknowledges Franchisor's right, title, and interest in and to the Marks, along with the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in the System. Except as expressly provided by this Agreement, Franchisee shall acquire no right, title or interest therein, and any and all goodwill associated with the system and the Marks shall inure exclusively to Franchisor's benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the system or the Marks.

C. Infringement by Franchisee.

Franchisee acknowledges that the use of the Marks outside of the scope of this Agreement without Franchisor's prior written consent is an infringement of Franchisor's rights, title, and interest in and to the Marks. Franchisee expressly covenants that during the term of this Agreement and after the expiration or termination hereof, Franchisee shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation thereof.

D. Infringement by Others.

Franchisee shall promptly notify Franchisor of any use of the Marks or any colorable variation thereof by any person or legal entity other than Franchisor or any of its representatives and agents or other Franchisees, or any other mark in which Franchisor has or claims a proprietary interest. Franchisee further agrees to notify

Franchisor promptly of any litigation instituted by any person or legal entity against Franchisor or Franchisee involving the Marks. In the event Franchisor, in its sole discretion, undertakes the defense, prosecution, or settlement of any litigation relating to the Marks, Franchisee agrees to execute any and all documents, and to render such assistance as may, in the opinion of Franchisor, be reasonably necessary to carry out such defense, prosecution or settlement. In the event that any party demonstrates, to Franchisor's sole satisfaction, a superior right to use any of the Marks, Franchisee shall, upon demand by Franchisor, discontinue its use of such Mark(s) and adopt, at Franchisee's sole cost and expense, any Mark(s), if any, selected by Franchisor to replace such discontinued Mark(s).

E. Improper Use.

Franchisee shall not use any of the Marks, or any derivative or colorable variation thereof: (i) as part of Franchisee's corporate or other legal name; (ii) on or as part of any Web Site, domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines, or other similar services (without Franchisor's prior written consent); (iii) with any prefix, suffix (including, but not limited to, the word "Inc."), or other modifying words, terms, designs, or symbols; or (iv) in any modified form. Franchisee shall not register any of the Marks, or any derivative or colorable variation thereof, as a service mark, trademark, or Internet domain name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as could reasonably result in making Franchisor liable therefor or that may harm, tarnish, or impair Franchisor's reputation, name, services or Marks. The provisions of this paragraph shall survive the expiration, termination or cancellation of this Agreement.

F. Non-exclusive Use.

Franchisee expressly acknowledges and agrees that this license to use the Marks is non-exclusive, and Franchisor has and retains the rights, among others:

1. To grant other licenses for the use of the Marks, in addition to those already granted to existing franchisees and to Franchisee; and

2. To develop and establish other systems and programs utilizing the same or similar Marks, or any other proprietary marks, and to grant franchises therein without granting Franchisee any rights therein;

G. Use by Others.

Franchisee shall not permit any third party to imprint the Marks on any products, materials, documents, and supplies utilized by Franchisee in connection with the operation of the Franchised Business without first obtaining the consent of Franchisor and causing such third party to execute a license agreement as specifically provided for in this Section of this Agreement.

XIII. CONFIDENTIAL MANUAL

A. Business Operations.

In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation

under the Marks, Franchisee shall conduct its operations hereunder in accordance with Franchisor's Manual, as the same may be amended or modified from time to time.

B. Confidentiality.

The Manual shall at all times remain the sole property of Franchisor. Franchisor treats the Manual and all information contained therein as confidential and proprietary. Franchisee shall treat the Manual and all information contained therein as confidential and proprietary, and shall use all reasonable efforts to maintain such information as confidential and proprietary. Franchisee shall also ensure that its employees treat the Manual and all information contained therein as confidential and proprietary. Franchisee shall not at any time copy, duplicate, record, or otherwise, make the same available to any unauthorized person. The foregoing provisions shall survive the expiration, termination or cancellation of this Agreement.

C. Modification.

Franchisor shall have the right to add to or otherwise modify the Manual from time to time to reflect changes in any of the System Standards, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Without limiting the generality of the foregoing, Franchisor may, during the term of this Agreement, require Franchisee to modify, enhance and/or replace all or any part of Franchisee's communication and information system at Franchisee's expense, and Franchisee agrees to acquire (or acquire the right to use for the remainder of the term of this Agreement), within one hundred twenty (120) days after receipt of written notice from Franchisor, the modified, enhanced or replacement version of the communication and information system specified by Franchisor. Franchisee further agrees to take all other actions as may be necessary to enable the modified, enhanced or replacement communication and information system to operate as specified by Franchisor. Any such modifications, enhancements, and replacements may require Franchisee to incur costs to purchase, lease, and/or license new or modified computer hardware and/or software or other equipment and to obtain different and/or additional service and support services during the term of this Agreement. Franchisee acknowledges that Franchisor cannot estimate the costs of future maintenance, enhancements, modifications, and replacements to the communication and information system or other items and that such maintenance, enhancements, modifications, and replacements required by Franchisor may involve additional investment by Franchisee during the term of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is kept secure, current, and up to date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling. Upon Franchisor's request, Franchisee will cooperate in the efficient return of all Manuals that have been identified by the Franchisor as obsolete.

XIV. CONFIDENTIAL INFORMATION

A. Use of Confidential Information.

Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation, any confidential information, knowledge, or know-how concerning the Ra Yoga Method, the System, or the methods of operation hereunder that may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's

business operations under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Business as described herein. In connection therewith, Franchisee shall be fully responsible for ensuring that its employees comply with this Section.

B. Use of and Improvements to the Method.

In order to assure maximum uniformity of quality and service in all treatments provided by all Ra Yoga employees and staff, Franchisee agrees to follow the procedures prescribed by the Ra Yoga Method strictly. As Franchisor develops or learns of improvements, enhancements, or innovations in the procedures and techniques embodied in the Ra Yoga Method, Franchisor will disseminate such information to all franchisees of the system and authorize their use in the Franchised Business. In return and in consideration therefor, Franchisee agrees that any idea or suggested innovation or variation that may tend to enhance or improve the Ra Yoga Method that Franchisee develops, discovers, or otherwise becomes aware of during the term of this Agreement shall be submitted to Franchisor for its evaluation for adoption and use, and Franchisee agrees that all proprietary rights to such ideas, innovations, improvements, enhancements, or variations created or acquired by Franchisee or any of its employees shall belong exclusively to Franchisor and may be made available to all Ra Yoga franchisees.

C. Remedies.

Franchisee acknowledges that any failure to comply with this Section will cause Franchisor irreparable injury, and Franchisee consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, specific performance of, or any injunction against a violation of, the requirements of this Section.

D. Preservation of Confidentiality.

Franchisee shall require Franchisee's Principals directors, officers, and managers, at the time of the commencement of their association with Franchisee, to execute confidentiality agreements, in a form approved by Franchisor, requiring that all information being proprietary or confidential hereunder that may be acquired by or imparted to such persons in connection with their association with Franchisee be held in strict confidence and used solely for the benefit of Franchisee and Franchisor, at all times during their association with Franchisee and thereafter. Such covenants shall include specific identifications of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce the same.

XV. ADVERTISING

A. Advertising.

Recognizing the value of advertising and the importance of consistency of advertising and promotion to the furtherance of the goodwill and public image of the System, the parties agree that Franchisor shall conduct, determine, maintain, and administer all national and/or regional advertising funds that are or may hereafter be established pursuant to this Section, and shall have sole discretion over the concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout, and content of all national, regional, and local advertising, and accordingly agree as follows:

B. Advertising Fee.

Franchisee shall make Advertising Fee contributions in the amount of 1% of Gross Revenue payable every month to such national and/or regional advertising funds (collectively, the "**Advertising Funds**") as Franchisor may establish for advertising for the System.

1. Franchisee agrees that Franchisor shall have the right, in its discretion, to establish such national or regional Advertising Funds and to designate any geographical area as a region for establishing regional Advertising Funds. The Advertising Funds shall be maintained and administered by Franchisor as follows*:*

2. Franchisee agrees and acknowledges that the Advertising Funds are intended to maximize general public recognition and acceptance of the Marks for the benefit of all franchisees within the System or within a region, as the case may be, and that Franchisor is not obligated in administering the Advertising Funds to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchise benefits directly or pro rata from the placement of advertising.

3. The Advertising Funds, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, researching, directing, and preparing advertising and/or promotional activities including, without limitation, the costs of preparing and conducting advertising campaigns in various media; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; product development; and developing and providing promotional and other marketing materials for franchisees in the System.

4. Franchisor shall, for each of its company-owned locations (if any), make contributions to the Advertising Funds on the same basis as assessments required of comparable franchisees within the System.

5. Franchisee shall contribute to the Advertising Funds by separate check made payable to the Ra Yoga National Advertising Fund or such other designation as Franchisor may from time to time prescribe. All sums paid by Franchisee to the Advertising Funds shall be maintained in an account separate from the other money of Franchisor. Such sums shall not be used to defray any of Franchisor's expenses, except for such reasonable salaries, overhead, and administrative, accounting, legal (including, without limitation, the defense of any claims against Franchisor and/or Franchisor's designee regarding the management of the Advertising Funds) and other costs, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Funds or advertising programs for franchisees and the System, including the costs of enforcing contributions to the Advertising Funds required under this Agreement and the costs of preparing a statement of operations. The Advertising Funds and their earnings shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for each Advertising Fund.

6. It is anticipated that all contributions to and earnings of the Advertising Funds shall be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Advertising Funds at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from the previous year(s), next out of earnings in the current year, and finally from contributions.

7. Franchisee agrees that Franchisor (and any designee of Franchisor) shall not have any direct or indirect liability or obligation to Franchisee, the Advertising Funds or otherwise with respect to the management, maintenance, direction, administration or otherwise of the Advertising Funds. Franchisee further agrees that

Franchisor shall not be liable for any act or omission, whether with respect to the Advertising Funds or otherwise, which is consistent with this Agreement or other information provided to Franchisee, or which is done in subjective good faith. Franchisee and Franchisor, each having a mutual interest and agreeing on the critical practical business importance of his or her relationship being governed solely by written instruments signed by the parties to be bound (and not having either party subject to the uncertainty inherent in the application of legal or other concepts not expressly agreed to in writing by both parties), agree that their rights and obligations with respect to the Advertising Funds and all related matters are governed solely by this Agreement and that neither this Agreement nor the Advertising Funds are in the nature of a "trust", "fiduciary relationship" or similar special arrangement, but is only an ordinary commercial relationship between independent businesspersons for their independent economic benefit.

8. The Advertising Funds are not and shall not be an asset of Franchisor.

9. Although Franchisor intends the Advertising Funds to be of perpetual duration, Franchisor maintains the right to terminate any Fund. No Fund shall be terminated, however, until all money in the Fund have been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions.

C. Franchisee Advisory Council.

Franchisee shall participate, at Franchisee's sole expense, in local, regional and national franchise advisory committees or councils if established or sanctioned by Franchisor. The Council shall serve in an advisory capacity only and will not have the authority to establish or modify our policies or to direct or control the uses of our Marketing. Franchisor shall have the power to determine membership, the election of Council Officers and to change or dissolve the Franchise Advisory Committees.

D. Advertising Materials.

In addition to any other advertising requirements described in this Agreement, Franchisee shall obtain and maintain an adequate supply of brochures, pamphlets, and special promotional materials of such kind and size as Franchisor may reasonably require from time to time in the Manual or otherwise in writing.

E. Delegation of Franchisor's Duties.

Franchisor shall have the right to delegate and redelegate its responsibilities and duties under this Agreement to any designee(s) of its choosing; provided, however, that the right of final approval of all advertising programs shall be retained at all times by Franchisor.

F. Web Site.

Franchisee specifically acknowledges and agrees that any Web Site (as defined below) is "advertising" under this Agreement, and is subject to (among other things) Franchisor's approval. As used in this Agreement, the term Web Site means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers or other devices linked by communications' software. The term Web Site includes, but is not limited to, Internet, World Wide Web home pages, URL addresses, and Social Media accounts and pages. In connection with any Web Site, Franchisee agrees to the following:

1. Franchisor shall have the right, but not the obligation, to establish and maintain a Web Site, which may, without limitation, promote the Marks, any or all of the Permitted Products and Services, Ra Yoga Franchised Business, the franchising of Ra Yoga Franchised Business, and/or the System. Franchisor shall have the sole right to control all aspects of the Web Site, including, but not limited to, its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. Franchisor shall also have the right to discontinue the operation of the Web Site.

2. Franchisee shall not establish a separate Web Site or Social Media account or page without Franchisor's prior written approval.

3. Franchisor shall have the right, but not the obligation, to designate one or more web pages to describe Franchisee, the Franchised Business, or the Franchised Business, with such web pages to be located within Franchisor's Web Site. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance, and content of any such web pages, and Franchisor shall have the rights to limit and discontinue the content and operation of such Web Site and web pages.

4. Franchisor shall have the right to modify the provisions of this Section relating to Web Sites as Franchisor shall solely determine if it is necessary or appropriate for the best interests of the System.

G. Approval of Advertising.

All advertising by Franchisee in any medium shall be conducted in a dignified manner, shall be completely accurate and truthful, shall conform to all applicable laws and regulations relating to consumer advertising and to such standards and requirements as Franchisor may specify from time to time in writing, and shall give notice that the Franchised Business is independently owned and operated. Franchisee shall submit to Franchisor (by certified mail, return receipt requested), for Franchisor's prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials (including, but not limited to, signs and vehicles), and all other materials displaying the Marks that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. Unless Franchisee receives a written objection thereto from Franchisor within fifteen (15) days after the date Franchisor received such plans and materials, Franchisor shall be deemed to have given the required approval. Franchisee shall display the Marks in the manner prescribed by Franchisor on all signs and all other advertising and promotional materials used in connection with the Franchised Business.

H. Copyright to Advertising.

Franchisee acknowledges and agrees that any and all copyrights in and for advertising and promotional materials developed by or on behalf of Franchisee which bear the Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other franchisees of Franchisor without any compensation to Franchisee.

I. Local Advertising.

Franchisee shall conduct advertising, promotion, and public relations within the local area to be serviced by the

Franchised Business (Local Advertising). Franchisee shall spend at least $1,000 for Local Advertising to generate public interest and awareness of the Franchised Business and to adequately penetrate the market for Franchisee's products and services within Franchisee's trading area.

J. Advertising Cooperative.

Franchisor may, in its discretion, designate any geographical area in which at least two Ra Yoga Franchised Business are located for the purpose of establishing a local or regional marketing and advertising cooperative (Cooperative). Franchisee shall take appropriate steps to establish and participate in a Cooperative if required to do so by Franchisor. If a Cooperative for the geographical area in which the Franchised Business is located has already been established when Franchisee opens the Franchised Business, then Franchisee shall immediately become a member of the Cooperative under the terms of its governing documents. If a Cooperative for the geographical area in which the Franchised Business is located is established during the term of this Agreement, Franchisee shall immediately become a member of the Cooperative and take all steps necessary to become a member. In no event shall Franchisee be required to be a member of more than one Cooperative for the Franchised Business established under this Agreement. The following provisions apply to each Cooperative:

1. Each Cooperative will be organized and governed in a form and manner prescribed or approved by Franchisor in writing and will commence operations on a date specified by Franchisor. Any disputes arising between Franchisee, on one side, and other franchisees in the Cooperative or the Cooperative, on the other side, will be resolved in accordance with the rules and procedures in the Cooperative's governing documents. Each member of a Cooperative, whether Franchisor, an affiliate of Franchisor, or a franchisee of Franchisor, will be entitled to one vote for each Franchised Business operated by the member in the geographical area for which the Cooperative is established.

2. Franchisor, in its sole discretion, shall establish the geographical area covered by each Cooperative by determining the common coverage areas of advertising media relevant to the particular geographic market, the Metropolitan or Metropolitan Statistical Area, industry practices, or Franchisor's advertising policies.

3. Each Cooperative will be organized for the exclusive purpose of administering local or regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local or regional advertising and promotion.

4. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor pursuant to the procedures in this Section of this Agreement.

5. Each month that a Cooperative is in existence for Franchisee's geographical area, Franchisee shall contribute to the Cooperative an amount specified by Franchisor or the Cooperative (the Cooperative Contribution). Franchisee's Cooperative Contribution will not be credited towards the Advertising Fee required by this Section.

6. The members of the Cooperative will determine the amount of the Cooperative Contribution in accordance with its governing documents, but the Cooperative Contribution may not exceed the monthly Suggested Local Advertising Expenditure provided here above unless the members of the Cooperative, by a majority vote conducted in accordance with its rules, bylaws, or other governing documents, agree to a Cooperative Contribution in excess of the amount listed in this Section. Franchisee shall pay its Cooperative Contribution, together with any statements or reports that Franchisor or the Cooperative (with Franchisor's prior

written approval) may require, on a date each month determined by the Cooperative, but no later than the tenth day of each month.

7. Within thirty days after the end of each calendar month, each Cooperative will prepare and submit to Franchisor financial statements presenting the financial position and results of operations of the Cooperative for the preceding month. Each member of the Cooperative will be entitled to receive a copy of the Cooperative's financial statements upon request.

8. For each Ra Yoga Franchised Business operated by Franchisor or an affiliate of Franchisor in a geographical area for which a Cooperative has been established, Franchisor shall make a Cooperative Contribution on the same basis as assessments required of comparable franchises that are members of the same Cooperative.

9. Cooperatives established by Franchisor are intended to be of perpetual duration. However, Franchisor maintains the rights to modify, merge, or dissolve any Cooperative. Franchisor shall use any unexpended monies from the dissolved Cooperative only for advertising or promotional purposes for the System.

10. Franchisee acknowledges that Ra Yoga Franchised Business operated by other franchisees of Franchisor, even though located in the same geographical area in which the Franchised Business is located, may be operating under franchise agreements containing terms that vary substantially from the terms of this Agreement, and consequently may not be required to participate in Cooperatives.

XVI. TRANSFERABILITY OF INTEREST

A. Transfer by Franchisor.

Franchisor shall have the right to transfer or assign all or any part of its rights and/or obligations herein to any person or legal entity, including a subfranchisor specifically responsible for assisting Franchisee. Franchisee agrees to execute any forms that Franchisor may reasonably request to effectuate any transfer or assignment by Franchisor.

B. Transfer by Franchisee.

Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and, if Franchisee is other than an individual, Franchisee's Principals, and that Franchisor has entered into this Agreement in reliance upon the business skills and financial capacity of Franchisee and, if Franchisee is other than an individual, Franchisee's Principals. Accordingly, neither Franchisee, nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchise, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest therein or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without the opportunity to cure. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee or in this Franchise; provided, however, that prior to the transfer, Franchisor may, in its sole discretion, require that:

1. All of Franchisee's accrued monetary obligations to Franchisor and all other outstanding obligations related to the Franchised Business shall have been satisfied.

2. The transferor's right to receive compensation pursuant to any agreement for the purchase of any interest in Franchisee or in the Franchised Business shall be subordinated and secondary to Franchisor's rights to receive any outstanding monetary obligations or other outstanding obligations due from the transferor or Franchisee pursuant to this Agreement, whether arising before or after the transfer.

3. Unless prohibited by the laws of the state in which Franchisee is located, Franchisee and, if Franchisee is other than an individual, Franchisee's Principals, shall have executed a general release in a form satisfactory to Franchisor, effective as of the date of transfer, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, partners, members, agents and employees, in their corporate and individual capacities, including, without limitation, claims to arise under federal, state and local laws, rules and ordinances.

4. The transferee franchisee shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement prior to and after the date of the assumption.

5. The transferee franchisee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Franchised Business.

6. The transferee franchisee shall execute Franchisor's then-current form of the franchise agreement and such other ancillary agreements as Franchisor may require, for a term ending on the expiration date of this Agreement and with such renewal term(s) as provided in the then-current Franchise Agreement.

7. At the transferee franchisee's expense, and upon such other terms and conditions as Franchisor may reasonably require, the transferee Franchisee, its Designated Manager and other persons that are normally and customary required to attend training must satisfactorily complete Franchisor's training requirements then in effect for franchisees.

8. Any right of Franchisee to any payments from the transferee franchise resulting from the transfer shall be subordinate to any claim or right of Franchisor against the transferee franchisee subsequent to the effective date of the transfer, and Franchisee and the transferee franchisee shall execute any and all instruments reasonably required by Franchisor to evidence such liability.

9. Either Franchisee or the transferee franchisee shall pay Franchisor a transfer fee of $12,500. No transfer fee will be required in the case of a transfer of Franchisee's interest under this Agreement to an entity formed solely for the convenience of ownership in accordance with the provisions of this Agreement.

10. Notwithstanding the provisions of Subsection above, neither Franchisee nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchised Business, shall pledge, mortgage, grant a security interest, or otherwise encumber any interest in this Agreement, in the

franchise granted hereunder, or in Franchisee (whether or not in connection with an absolute transfer of an interest in the Franchised Business). Franchisor shall not be obliged to consent to any such transfer.

C. Transfer to Controlled Entity.

In the event that Franchisee proposes to transfer all of its interest in the Franchised Business to an entity formed solely for the convenience of ownership, Franchisor's consent to such transfer may, in its sole discretion, be conditioned on the following requirements:

1. Franchisee shall own a controlling interest in the transferee entity;

2. The transferee entity shall be newly organized, and its charter, articles of organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business;

3. Franchisee, prior to the transfer, shall have provided Franchisor with written information as to each Principal of the transferee entity, and the interest of each, and shall promptly notify Franchisor of any changes in any such information during the term of this Agreement;

4. The transferee entity shall designate a Designated Manager in compliance with this Agreement;

5. All Principals of the transferee entity shall enter into an agreement, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of the transferee entity's obligations to Franchisor;

6. Each ownership certificate of the transferee entity, if any, shall have conspicuously endorsed upon its face the following legend:

> "*The transfer, sale or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with Ra Yoga dated _____.*"

7. Copies of the transferee entity's articles of incorporation or organization, bylaws, partnership agreement, operating agreement, and other governing documents, including the resolutions of the Principals or Board of Directors authorizing the execution of this Agreement, shall be furnished to Franchisor for its approval; and

8. The transferee entity's name shall not consist of or contain the Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

D. Franchisor's Right of First Refusal.

If Franchisee or its Principals shall at any time decide to sell, transfer or assign any right or interest under this Agreement and/or the franchise granted pursuant hereto, Franchisee or its Principals shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and shall submit an exact copy thereof to Franchisor. For a period of thirty (30) days after the date of delivery of such offer to Franchisor, Franchisor shall have the right, exercisable by written notice to Franchisee or any of its officers, to purchase such rights or interests for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by Franchisor

must be completed within ninety (90) days after Franchisee's receipt of Franchisor's written notice of its intent to purchase. If Franchisor does not exercise its right of first refusal, Franchisee or its Principals may complete the sale of such interest to the bona fide purchaser, subject to Franchisor's approval of the purchaser as provided herein; provided, however, that if the sale to such purchaser is not completed within one hundred twenty (120) days after the delivery of the offer to Franchisor, Franchisor shall again have the right of the first refusal herein provided.

E. The right of Franchisee's Heirs upon Death or Disability of Franchisee.

A transfer to the heirs, surviving spouse, or personal or other legal representative of Franchisee (collectively, Involuntary Transferees) upon the death or legal disability of Franchisee shall not be subject to Franchisor's right of first refusal above or right to terminate for failure to obtain written approval for Transfer as provided herein, so long as the Involuntary Transferees (i) satisfy Franchisor that they are qualified to act as a franchisee, and (ii) perform all other applicable acts required of a Transferee and Transferor as prescribed this Agreement. Such transfer shall be made within one hundred eighty (180) days after the death or disability of Franchisee, or Franchisor, at its option, may terminate this Agreement, whereupon all rights granted to Franchisee hereunder shall revert to Franchisor. Any subsequent sale or other transfer by any Involuntary Transferee shall be subject to Franchisor's right of written approval set forth in this Section in this Agreement and to Franchisor's right of first refusal set forth above. Transfer to Involuntary Transferees shall not require the payment of the transfer fee required by this Agreement. Actual legal costs incurred by Franchisor to approve and effect the transfer will be charged, however.

XVII. TERMINATION

A. Termination by Franchisee.

Franchisor will be considered in default of this Agreement if the Franchisor breaches any material obligations of Franchisor under this Agreement and fails to cure that default within 60 days of written notice from Franchisee. As a remedy for a default by the Franchisor, Franchisee may elect to terminate this Agreement, but only if: (a) Franchisee is in full compliance with all terms of this Agreement; (b) Franchisee provides written notice to the Franchisor within 30 days of the occurrence of such default; and (c) the Franchisor has committed the default and has not cured the default within 60 days of. Upon the termination of this Agreement by Franchisee, for any reason, Franchisee shall comply with all post-termination provisions of this Agreement.

B. Termination by Franchisor.

Franchisor may elect to terminate this Agreement, without prejudice to any other legal or equitable rights or remedies Franchisor may have, upon the occurrence of any one or more of the following events:

1. Franchisee fails to timely (i) locate and secure a Site as so required by this Agreement, or (ii) open the Franchised Business within the time limits prescribed by this Agreement.

2. Franchisee fails to satisfy all of the training obligations herein.

3. Franchisee fails to pay when due any sum required to be paid by Franchisee under this Agreement or any other agreement or instrument between Franchisor and Franchisee.

4. Franchisee fails on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, Royalty Fees, Advertising Contributions, or other payments when due to Franchisor or any Affiliate of Franchisor, or otherwise fails to comply with this agreement, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee.

5. Franchisee fails to operate the Franchised Business in full compliance with the terms of this Agreement, the Manual, or the System Standards.

6. Franchisee fails to operate the Franchised Business for more than two (2) consecutive days that the Franchised Business required or customarily open in the ordinary course of business, or otherwise abandons the Franchised Business.

7. Franchisee provides for offers or sells any Permitted Products and Services at or from a location that is within the franchise territory of another Ra Yoga franchise (except as expressly stated this Agreement, the Manual, or any other written agreement between Franchisor and Franchisee), or otherwise infringes upon rights granted by Franchisor under franchise agreements with other franchisees of Franchisor.

8. Franchisee fails to achieve or exceed System Standards in two (2) inspections in any twenty (24) month period.

9. Franchisee is declared bankrupt or insolvent, or Franchisee is the debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code (this provision may not be enforceable under federal bankruptcy law).

10. A receiver is appointed for Franchisee or for any part of its property, or Franchisee makes any assignment for the benefit its creditors, if not dismissed within fifteen (15) days.

11. Franchisee loses the right to possession of the Site upon which the Franchised Business is located, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located, unless such default results from circumstances beyond the control of Franchisee and does not arise from any action taken or failure to act by Franchisee or Franchisee's failure to cure or correct the circumstances that led to such default (provided, however, that if, through no fault of Franchisee, the Site are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, or if the Site is acquired pursuant to a government taking of property, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate the Franchised Business or reconstruct the Franchised Business, which approval shall not be unreasonably withheld).

12. Franchisee fails, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business.

13. Franchisee makes any transfer or attempted transfer that fails to comply with this Agreement.

14. The Franchised Business is seized, taken over or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business that is not discharged within five (5) days of such levy.

15. Franchisee or any Principal violates the restrictive covenants of the confidentiality, solicitation, competition as set forth in this agreement or otherwise directly or indirectly uses or discloses Confidentiality Information to or for the benefit of it, her/hers, or benefit of another or publishes causes to be published Confidential Information without the expressed written consent of Franchisor.

16. Any conduct or activity by Franchisee or any Principal, director, or officer of Franchisee that Franchisor believes is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, Franchisor, the System, the Marks, or the goodwill associated therewith, including, but not limited to, any criminal misconduct for which Franchisee or any Principal, director, or officer of Franchisee is convicted.

17. Franchisee knowingly maintains false books or records, or knowingly submits any false reports (including, but not limited to, information provided as part of Franchisee's application for this franchise) to Franchisor, or understates its Gross Revenues reported to Franchisor by more than five percent (5%) and any given 180-day period.

18. Any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business, and Franchisee has not immediately commenced actions to cure the problem or has not promptly cured or corrected the problem or activity that gave rise to the threat or danger.

19. Franchisee fails to perform or breaches any other provision of this Agreement or of any other agreement or instrument between Franchisor and Franchisee and fails to cure any such breach within thirty (30) days from notice of breach.

C. Notice of Default.

If Franchisee fails to cure any default within thirty (30) days (or such longer period as may be required by applicable law) after its receipt of a written notice of default from Franchisor, Franchisor may terminate this Agreement, except that no written notice of default or opportunity to cure shall be required in the case of a default described in immediately preceding subsections above. If Franchisee breaches the same term of this Agreement three (3) times within any twelve (12) month period, for each of which Franchisee was given notice and an opportunity to cure as provided herein, Franchisor may terminate this Agreement upon any subsequent breach of the same term within such twelve (12) month period, without providing notice or opportunity to cure. Termination of this Agreement shall be effective automatically upon the expiration of the time period specified above (or such longer period as may be required by applicable law) or, if no notice of default is required, immediately upon Franchisee's receipt of a written notice of termination.

D. Liability for Default.

If Franchisee fails to cure any default within the applicable time period set forth in this Section, Franchisee shall pay all damages, costs, and expenses incurred by Franchisor as a result of any such default, including, but not limited to, reasonable attorney and accounting fees. This provision shall apply regardless of whether or not Franchisor exercises its right to terminate this Agreement or initiate legal or arbitration proceedings against Franchisee.

XVIII. OBLIGATIONS UPON TERMINATION

Upon the termination or expiration of this Agreement, for any reason, Franchisee shall forthwith:

1. Cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

2. Immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures, or techniques associated with the System or that display the Marks or any other distinctive forms, slogans, signs, symbols, or devices associated with or belonging to Franchisor.

3. Make such modifications or alterations to the Site of the Franchised Business, including the improvements thereon, as may be necessary or requested by Franchisor (including, but not limited to, changing the telephone number) to prevent the operation of any business on the Site upon which the Franchised Business is located that might be deemed substantially similar to that of the Franchised Business or any other franchisee of Franchisor. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor shall have the right to enter the Site, without being guilty of trespass or any other tort or crime, for the purposes of making or causing to be made such changes as may be required, at the expense of Franchisee.

4. At the option of Franchisor, assign to Franchisor or Franchisor's designee any interest of Franchisee in any lease or sublease for the Site of the Franchised Business. If Franchisee fails to do so, Franchisor shall have the right, for which purpose Franchisee hereby appoints Franchisor as its attorney-in-fact, to make such assignment on Franchisee's behalf. If Franchisor elects not to exercise its option to acquire Franchisee's lease/sublease, Franchisee shall make such modifications or alterations to the Site of the Franchised Business as described in subparagraph (c) above immediately upon termination or expiration of this Agreement as may be necessary and requested by Franchisor for that purpose (including, but not limited to, changing the telephone number).

5. Turn over to Franchisor all Manuals, records, client and other files, instructions, correspondence, and software provided and/or licensed by Franchisor, including, without limitation, brochures, agreements, disclosure statements and any materials relating to the business operated hereunder, which may be in Franchisee's possession, together with all copies thereof (all of which Franchisee acknowledges to be Franchisor's sole property).

6. At the option of Franchisor, assign to Franchisor or Franchisor's designee all of Franchisee's rights, title and interest in and to any and all (i) telephone numbers of Franchisee's franchise and all related Yellow Pages, White Pages and other business listings, and (ii) Web Sites, web pages, listings, banners, URLs, advertisements, or any other services and links related to the Franchised Business or the use of Franchisor's trademarks, service marks or other logos, on or with the Internet, World Wide Web, Internet service providers, electronic mail services, communication providers, search engines or other similar services.

7. At the option of Franchisor (to be exercised within thirty (30) days after termination), sell to Franchisor any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's depreciated book value.

8. Take such action as may be necessary to cancel any assumed name or equivalent registration that contains the mark Ra Yoga or any of the other Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement.

9. Immediately pay all sums due and owing to Franchisor, including, but not limited to, any unpaid Royalty Fees and Advertising Contributions.

10. Obtain and maintain in effect all coverage for the professional liability or errors and omissions insurance and general liability insurance by this Agreement, to extend the period in which claims may be made for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located.

11. Franchisee does hereby irrevocably constitute and appoint Franchisor as the true and lawful attorney-in-fact and agent for Franchisee to carry out Franchisee's obligations under this Section. Franchisee agrees to promptly execute, acknowledge and deliver to Franchisor any and all such documents as may be required to carry out Franchisee's obligations hereunder. The provisions of this Section shall survive the expiration, termination or cancellation of this Agreement.

XIX. COVENANTS OF FRANCHISEE

A. Management of Franchise.

Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, the Franchised Business shall at all times be under the direct supervision of Franchisee, the Designated Manager, or the Franchised Business Manager, who shall devote his/her full time, energy, and best efforts to the management and operation of the Franchised Business.

B. Covenants during Term of Franchise Agreement.

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the design, development, and operation of the Franchised Business, procedures and techniques of the Ra Yoga Method, and sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation:

1. divert or attempt to divert any business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

2. employ or seek to employ any person who is at that time employed by Franchisor or any franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or

3. own, maintain, engage in, or have any interest in any business offering yoga classes, therapy, and private instruction, or any other products or services that are offered in the Franchised Business ("**Competitive Business**"), unless otherwise consented to in writing by Franchisor.

C. Covenants after Termination of Franchise Agreement.

Franchisee further covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not,

directly or indirectly, for itself or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

1. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, own, maintain, operate, engage in, or have any interest in any business offering yoga classes, therapy, and private instruction, or any other services that had been offered by the Franchised Business, within twenty-five (25) miles of any Ra Yoga Franchised Business; or

2. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly solicit or perform services for any person who was a client of the Franchised Business at any time during the term of this Agreement.

3. Franchisee and Franchisor agree that the covenants contained in this Section shall survive the expiration, termination or cancellation of this Agreement.

D. Exclusion for Publicly Traded Company.

This Section shall not apply to the beneficial ownership by Franchisee of less than five percent (5%) of the outstanding equity securities of any corporation that is registered under the Securities and Exchange Act of 1934.

E. Independent Covenants; Severability.

The parties agree that each of the covenants in this Section shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenants subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Section.

F. Reduction of Covenants by Franchisor.

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of hereof.

G. Claims Against Franchisor No Defense.

Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

H. Injunctive Relief.

Franchisee acknowledges that its violation of the terms of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section.

I. Execution of Covenants by Key Personnel.

At the request of Franchisor, Franchisee shall provide Franchisor with executed Restrictive Covenant Agreements, containing covenants similar in substance to those set forth in this Section (including covenants applicable upon the termination of a person's relationship with Franchisee), from each manager, officer, director, and Principal of Franchisee. With respect to each person who becomes associated with Franchisee in one of the capacities enumerated above subsequent to the execution of this Agreement, Franchisee shall require and obtain such covenants from them and promptly provide Franchisor with executed copies thereof. In no event shall any person enumerated above be granted access to any confidential aspect of the System or the Franchised Business prior to their execution of such a covenant. All covenants required by this Section shall be in forms satisfactory to Franchisor, including, without limitation, the specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. The failure by Franchisee to obtain the execution of the covenants required by this Section and provide the same to Franchisor shall constitute a material breach of this Agreement.

XX. ENFORCEMENT

A. Mediation.

If a dispute arises between the parties that cannot be settled through negotiation, the parties shall first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to litigation or other dispute resolution procedures. The mediation proceedings shall take place at the American Arbitration Association location nearest Franchisor's principal place of business (presently Orange County California).

B. Injunctive Relief.

Franchisor shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (a) Franchisee's use of the Marks; (b) the obligations of Franchisee upon the termination or expiration of this Agreement; (c) Covenants of Franchisee; (d) any assignment or transfer of this Agreement or any ownership interest contrary to this Agreement; or (e) as necessary to prohibit any act or omission by Franchisee or its employees or agents: (i) that would constitute a violation of any applicable law, ordinance, or regulation: (ii) that is dishonest or misleading to Franchisor and/or Franchisor's other franchisees; or (iii) that, in Franchisor's reasonable judgment, may harm, tarnish, impair or reflect unfavorably upon the reputation, name, services or operation of the Franchised Business, Franchisor, the System or the Marks.

C. Arbitration.

Except as otherwise provided herein, any claim or controversy arising out of or related to this Agreement, or the breach thereof, shall be settled by mandatory binding arbitration in Orange County California, in accordance with the U.S. Arbitration Act, if applicable, and the Rules of the American Arbitration Association (in accordance with the rules relating to the arbitration of disputes arising from franchise and license agreements, if any, or otherwise in accordance with the general rules of commercial arbitration), provided that at the option of Franchisor or Franchisee the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association (if obtainable, or otherwise in accordance with the customary procedures for selecting an arbitrator). The arbitrator shall allow discovery in accordance with the Federal Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award, and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor of Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. All arbitration proceedings will be individual proceedings between Franchisor and Franchisee, and will not be conducted on a "class" basis, or include any other of our franchisees as named parties unless Franchisor and Franchisee each agree. The arbitration proceedings shall take place in Orange County California, or the county of the state where the Franchisor is then headquartered.

D. Cumulative Rights and Remedies.

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing herein contained shall bar Franchisor's right to seek injunctive relief against threatened conduct that shall cause it loss or damages including obtaining restraining orders, preliminary and permanent injunctions.

FRANCHISEE AND FRANCHISOR EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IF THERE IS A DISPUTE WITH THE OTHER, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT INCLUDING REASONABLE ACCOUNTING AND/OR LEGAL FEES AS PROVIDED IN SECTION 22.C. FRANCHISEE WAIVES AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST FRANCHISOR CONCERNING THIS AGREEMENT OR ANY RELATED AGREEMENT. IN ANY CLAIM OR ACTION BROUGHT BY FRANCHISEE AGAINST FRANCHISOR CONCERNING THIS AGREEMENT, FRANCHISEE'S CONTRACT DAMAGES SHALL NOT EXCEED AND SHALL BE LIMITED TO REFUND OF FRANCHISEE'S FRANCHISE FEE PAYMENTS.

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

E. Limitations of Claims.

Except for claims against Franchisee concerning the underreporting of gross sales and for claims against Franchisee by Franchisor relating to third party claims or suits brought against Franchisor as a result Franchisee's operation of the franchise business, any and all claims arising out of or relating to this Agreement or the

relationship between the parties hereto shall be barred unless an arbitration or legal proceeding is commenced within one (1) year from the date Franchisee, or Franchisor knew or should have known of the facts giving rise to such claims.

XXI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

It is understood and agreed that nothing in this Agreement shall create a partnership, employment or agency relationship between Franchisor and Franchisee, or authorize Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name. Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action by Franchisee. Franchisor shall not be liable to any third party for any act or omission of Franchisee in any of its operations hereunder (including, without limitation, any claim or action against Franchisee for negligent hiring, sexual harassment, or employment discrimination) or any claim or judgment arising therefore against Franchisee. Franchisee shall indemnify and hold Franchisor harmless from and against any and all claims, debts, liabilities or obligations arising directly or indirectly from, as a result of or in connection with Franchisee's operation of the Franchised Business (excluding, however, liabilities caused by (i) Franchisee's improper reliance on or use of procedures or materials provided by Franchisor or (ii) Franchisor's negligence), and shall pay all costs (including, without limitation, attorney and accountant fees) incurred by Franchisor in defending against and/or responding to them. FRANCHISEE SHALL DISPLAY PROMINENTLY AT ITS PLACE OF BUSINESS, ON ALL CORRESPONDENCE WITH THIRD PARTIES, AND IN ANY PRINTED MATERIALS BEARING ITS NAME OR BUSINESS LOCATION, A STATEMENT THAT THE FRANCHISED BUSINESS IS INDEPENDENTLY OWNED AND OPERATED BY FRANCHISEE.

XXII. MISCELLANEOUS

A. Nature of Agreement.

This Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties except those disclosures which are included in the Franchisor' now current Franchise Disclosure Document. This Agreement may not be modified or amended except by written instrument signed by each of the parties hereto, expressing such amendment or modification. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercises thereof or the exercise of any other right, power or remedy.

B. Benefit.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Agreement shall not be assigned by Franchisee without the prior written consent of Franchisor.

C. Construction.

This Agreement was accepted by Franchisor in California. Except to the extent governed by the U.S. Trademark Act of 1946, this Agreement shall be governed by and construed in accordance with the laws of the State of

California; provided, however, that if any of the covenants contained in this Agreement would not be enforceable under the laws of California and the Franchised Business is located outside of California, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. California law shall prevail in the event of any conflict of law, except as specifically provided otherwise by any applicable state franchise investment laws, rules or regulations. If any provision of this Agreement relating to termination, nonrenewal or assignment of the franchise, or choice of law, jurisdiction or venue is inconsistent with any applicable state franchise investment law, rules or regulations, such applicable state law shall apply. Any addendum to this Agreement required by the regulatory authorities of any state for the purpose of disclosing salient provision of such state's law is hereby made a part hereof.

D. Jurisdiction and Venue.

Franchisee hereby irrevocably agrees that subject to Franchisor's sole and absolute election, any and all suits, actions or other proceedings with respect to, arising out of or in connection with this Agreement shall be litigated in courts having a situs within Orange County California. Franchisee hereby consents and agrees that the following courts shall have personal jurisdiction over Franchisee in all lawsuits relating to or arising out of this Agreement, and hereby submits to the jurisdiction of the following courts and irrevocably waives any defense Franchisee may have of lack of personal jurisdiction in any such lawsuits filed in these courts: (a) all courts included within the state court system of the State of California; and (b) all courts of the United States of America sitting within the State of California, including, without limitation, all United States District Courts within the State of California. Franchisee hereby consents and agrees that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and hereby irrevocably waives any right Franchisee may have to transfer or change the venue in any such lawsuits filed in these courts: (a) the state court of the county where Franchisor has its principal place of business. In the event any of these courts are abolished, Franchisee agrees that venue shall be proper in the state or federal court in California that most closely approximates the subject matter jurisdiction of the abolished court as well as any of these courts that are not so abolished. Any and all lawsuits filed by Franchisee against Franchisor (whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement shall be required to be filed in one of these courts. Any and all lawsuits filed by Franchisor against Franchisee may be filed in any of these courts or in any court in which jurisdiction and venue are proper. In all lawsuits relating to or arising out of this Agreement, Franchisee consents and agrees that Franchisee may be served with process outside the State of California in the same manner of service that may be made within the State of California by any person authorized to do service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. Franchisee hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

E. Headings.

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of any provision of this Agreement.

F. Notices.

All payments shall be made to, and all notices, requests, demands and other communications hereunder shall

be deemed to have been duly received by, the person to whom addressed when personally delivered or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed:

in the case of Franchisor: **Ra Yoga Franchising Group LLCRa Yoga**

3077 Bristol St Suite A, Costa Mesa CA 92626

or to such other persons or address as Franchisor may from time to time furnish to Franchisee;

in the case of Franchisee: _____ at the address is:

_____

_____

_____

G. Severability.

In the event that any provision of this Agreement, in whole or in part (or the application of any provision to a specific situation), shall be held, by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, to be invalid, unenforceable or in violation of any federal, state or local law, regulation or ordinance applicable to this Agreement, such invalidity shall be limited to such specific provision or portion thereof (or to such situation), and this Agreement shall be construed and applied in such manner as to minimize such invalidity. All other provisions of this Agreement shall otherwise remain in full force and effect.

If any applicable and binding law or regulation of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or regulation of any jurisdiction any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor is invalid or unenforceable, then the prior notice and/or other action required by such law or regulation shall be substituted for the comparable provisions hereof, and Franchisee shall have the unlimited right to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisor agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it was separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or from any specification, standard, or operating procedure prescribed by Franchisor, any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Any such modifications to this Agreement shall be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions.

H. Survival of Covenants.

All provisions of this Agreement which, by their terms, are intended to survive the termination or expiration of this Agreement (such as, by way of illustration and not limitation, the provisions relating to confidential information, indemnification, post-termination competition, and the Marks), and all provisions hereof necessary to enforce and interpret such provisions (such as, by way of illustration and not limitation, the provisions relating to arbitration and injunctive relief), shall survive the termination, expiration or cancellation of this Agreement or the franchise granted hereunder.

I. No Third-Party Beneficiaries.

Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or entity, not a party hereto.

J. Counterparts.

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

K. Acknowledgment of Franchisee.

1. Franchisee acknowledges receipt of Franchisor's Franchise Disclosure Document for Prospective Franchisees and exhibits thereto (including a list of Franchisees, Franchisor's financial statements, and a copy of this Agreement) at least ten (10) business days prior to the execution of this Agreement.

2. Franchisee acknowledges and agrees that Franchisor's salesmen are not authorized to bind Franchisor in any way.

3. FRANCHISEE ACKNOWLEDGES THAT THERE HAVE BEEN NO REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PROFORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY FRANCHISOR OR ITS AGENTS, SALESMEN, DIRECTORS, OFFICERS, OR EMPLOYEES, OR ANY OTHER SALESMEN OR OTHER PERSON OR ENTITY REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS SALES, COSTS OR EXPENSES OF FRANCHISOR'S FRANCHISES GENERALLY OR OF ANY SPECIFIC RA YOGA FRANCHISEE, NOR HAS FRANCHISEE RELIED UPON ANY REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PROFORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY FRANCHISOR OR ITS AGENTS, DIRECTORS, OFFICERS, EMPLOYEES OR SALESMEN OR OTHER ASSOCIATES REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS SALES, COSTS OR EXPENSES OF FRANCHISOR'S FRANCHISES GENERALLY OR OF ANY SPECIFIC RA YOGA FRANCHISEE OR WITH RESPECT TO ANY OTHER MATERIAL FACT RELATING TO THE DEVELOPMENT OF FRANCHISOR'S FRANCHISES IN THE AREA WHEREIN FRANCHISEE INTENDS TO LOCATE ITS RA YOGA FRANCHISED BUSINESS OR ANY OTHER MATTER PERTAINING TO FRANCHISOR.

4. THERE IS NO OTHER AGREEMENT, REPRESENTATION OR WARRANTY MADE BY FRANCHISOR OR ANY OTHER ENTITY OR PERSON ASSOCIATED WITH FRANCHISOR OTHER THAN CONTAINED IN THIS AGREEMENT OR FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES.

---------- [Signature are on the Following Page] ----------

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed by their duly authorized agents, as of the date first written above.

FRANCHISOR: RA YOGA FRANCHISING GROUP LLC	**FRANCHISEE:**
By: _____	**By:** _____
Title: _____	**Title:** _____
Date: _____	**Date:** _____

INDIVIDUAL FRANCHISEE:	**INDIVIDUAL FRANCHISEE:**
_____	_____
Signature	***Signature***
_____	_____
Print Name	**Print Name**
Date: _____	**Date:** _____

TO THE RA YOGA FRANCHISE AGREEMENT

INDIVIDUAL FRANCHISEE

Name: _____ Date of Birth: _____

Home Address (P.O. Box not acceptable): _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

NON-INDIVIDUAL FRANCHISEE

Check One: ☐ Corporation ☐ Limited Liability Company ☐ Partnership

Name: _____

Address: _____

City: _____ State: _____ ZIP: _____

Telephone: _____ EIN: _____

Date of Organization: _____ State of Organization: _____

Statutory/Registered Agent: _____

Address of Agent: _____

City: _____ State: _____ ZIP: _____

Officers ----------

President: _____ Vice President: _____

Treasurer: _____ Secretary: _____

Shareholders/Members/Partners

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

The undersigned individual Franchisee, or if Franchisee is other than an individual, each of the Principals of Franchisee, hereby certify that the foregoing information is accurate and complete to the best of their knowledge and agree to notify Franchisor promptly of any change in any such information during the term of the Franchise Agreement to which this Exhibit A is attached.

_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name

TO THE RA YOGA FRANCHISE AGREEMENT

1. The Site for the Franchised Business shall be: _____

_____

}2. The Territory referenced in the Franchise Agreement shall consist of the following geographical area in the State of _____:

_____

_____

3. Franchisor and Franchisee further agree that this Exhibit B shall be attached to, incorporated in and made a part of said Franchise Agreement between Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed by their duly authorized agents, as of the date first written above.

FRANCHISOR: RA YOGA FRANCHISING GROUP LLC	FRANCHISEE:
By:_____	**By:**_____
Title:_____	**Title:**_____
Date:_____	**Date:**_____

INDIVIDUAL FRANCHISEE:	INDIVIDUAL FRANCHISEE:
_____	_____
Signature	***Signature***
_____	_____
Print Name	**Print Name**
Date:_____	**Date:**_____

TO THE RA YOGA FRANCHISE AGREEMENT

The undersigned depositor (**DEPOSITOR**) hereby authorizes **Ra Yoga Franchising Group LLC** (**PAYEE**) to initiate debit entries and/or credit correction entries to the DEPOSITOR's checking account designated below, and authorizes the financial institution designated below (**BANK**) to debit such account pursuant to PAYEE's instructions.

Name of Financial Institution _____ Branch _____

Address of Financial Institution _____ City _____ State _____ ZIP Code _____

Account Number _____ Bank Transit/Routing Number _____

This authority will remain in effect until BANK receives a written cancellation notification from DEPOSITOR in such time as to afford BANK a reasonable opportunity to act on it. DEPOSITOR may stop payment of any entry by notifying BANK at least three (3) business days before the entry is charged to DEPOSITOR'S account. DEPOSITOR may have the amount of any erroneous entry immediately credited to DEPOSITOR'S account by notifying BANK within fifteen (15) calendar days after BANK issues DEPOSITOR'S account statement containing the erroneous entry or forty-five (45) days after posting, whichever occurs first. These rights are in addition to any rights DEPOSITOR may have under federal and state banking or consumer protection laws.

Name of DEPOSITOR: _____

By: _____ Date: _____

Title: _____

TO THE RA YOGA FRANCHISE AGREEMENT

Concurrently herewith, Ra Yoga Franchising Group LLC (**Franchisor**) and _____ (**Franchisee**) have entered into a(n) Ra Yoga Franchised Business Franchise Agreement (the **Franchise Agreement**) and desire to supplement its terms, as set out in this Site Selection Addendum (the **Addendum**). The parties hereto therefore agree as follows:

1. Within 60 days after execution of the Franchise Agreement (the **Site Selection Period**), Franchisee shall acquire or lease, at Franchisee's expense, a location for the Ra Yoga Franchised Business franchised under the Franchise Agreement (the **Franchised Business**) at a site approved by Franchisor as hereinafter provided. Such location shall be within the following area:
_____ (the **Site Selection Territory**). The Site Selection Territory is described solely for the purpose of selecting a site for the Franchised Business.

2. Franchisor shall not establish, nor license another to establish, a Ra Yoga Franchised Business within the Site Selection Territory until Franchisor approves of a location for the Franchised Business, or until the expiration of the Site Selection Period, whichever event occurs first.

3. Failure by Franchisee to acquire or lease a site for the Franchised Business within the Site Selection Period shall constitute a default of the Franchise Agreement and this Site Selection Addendum.

4. If Franchisee occupies the Site of the Franchised Business under a lease or sublease, Franchisee shall, prior to the execution thereof, submit such lease to Franchisor for its written approval. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require, including, without limitation:

(a) A provision which restricts the use of the Site solely to the operation of the Franchised Business;

(b) The lessor will consent to Franchisee's use of such Marks and signage as Franchisor may prescribe for the Franchised Business;

(c) A provision that in the event Franchisee fails to timely pay any and all amounts due to Franchisor or lessor under the lease or sublease, Franchisor has the right to charge and collect from Franchisee, all resulting costs and expenses incurred by, and penalties imposed on, Franchisor;

(d) A provision which prohibits Franchisee from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease, without Franchisor's prior written consent;

(e) A provision giving Franchisor the right, but not the obligation, to enter the Site or make modifications necessary to protect the Marks or the System or to cure any default under the Franchise Agreement;

(f) A provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest, with the right to sublease, upon termination or expiration of such lease or of the Franchise Agreement without any assessment of additional fees, penalties, or rent acceleration;

(g) A provision that the lessor will provide to Franchisor copies of any and all notices (including those related to default by Franchisee) given to Franchisee under the lease; and

(h) A provision that restricts the lease from being modified in a manner that could materially affect Franchisor's rights with respect to the lease, without Franchisor's prior written consent.

5. Within sixty (60) days after the execution of the Franchise Agreement, Franchisee shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package, which shall include a site approval form prescribed by Franchisor, an option contract, letter of intent, or other evidence satisfactory to Franchisor which describes Franchisee's favorable prospects for obtaining such site, photographs of the site, demographic statistics, and such other information or materials as Franchisor may reasonably require (collectively, the **SAP**). Franchisee acknowledges that time is of the essence. Franchisor shall have thirty (30) days after receipt of the SAP from Franchisee to approve or disapprove, in its sole discretion, the proposed site for the Franchised Business. In the event Franchisor does not approve a proposed site by written notice to Franchisee within said thirty (30) days, such site shall be deemed disapproved by Franchisor.

6. Franchisor shall furnish to Franchisee the following:

(a) approval for building plans;

(b) Such on-site evaluation as Franchisor may deem advisable in response to Franchisee's requests for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a completed SAP for such site prepared by Franchisee pursuant to Section 5 above. If on-site evaluation is deemed necessary and appropriate by Franchisor, Franchisor shall, at no charge to Franchisee, conduct: (a) up to two (2) on-site evaluations, if the Franchised Business is the first Ra Yoga Franchised Business to be developed by Franchisee, or (b) one (1) on-site evaluation, if Franchisee has opened a Ra Yoga Franchised Business prior to the Franchised Business. For any additional on-site evaluation, Franchisee shall reimburse Franchisor for Franchisor's reasonable expenses, including, without limitation, the costs of travel, lodging, wages, and meals.

(c) After the location for the Franchised Business is approved by Franchisor and leased or acquired by Franchisee hereof, the location shall constitute the Site described in the Franchise Agreement. Franchisee hereby acknowledges and agrees that approval by Franchisor of a site does not constitute a representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and Site may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

7. This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and affirmed.

8. IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Site Selection Addendum on the dates set forth below.

FRANCHISOR: RA YOGA FRANCHISING GROUP LLC	**FRANCHISEE:**
By:_____	**By:**_____
Title:_____	**Title:**_____
Date:_____	**Date:**_____
INDIVIDUAL FRANCHISEE:	**INDIVIDUAL FRANCHISEE:**
_____	_____
Signature	***Signature***
_____	_____
Print Name	**Print Name**
Date:_____	**Date:**_____

EXHIBIT C. PERSONAL GUARANTY

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

PERSONAL GUARANTY

IN CONSIDERATION for, and as an inducement for Ra Yoga Franchising Group LLC (**Franchisor**) to enter into a Ra Yoga franchise agreement and any powers of attorney and other instruments dated concurrently herewith (collectively the **Franchise Documents**) between Franchisor and the business entity identified below (**Franchisee**), the undersigned (**Guarantors**) hereby jointly and severally guarantee to Franchisor, and to Franchisor's successors and assigns: (a) the timely payment of all Royalty Fees,{ Advertising Contributions,} late fees, interest charges, and all other fees and charges provided for under the Franchise Agreement; and (b) the timely performance of all of the provisions of the Franchise Documents for and during the term thereof (including all renewals thereof, if any). Guarantors further specifically agree to be individually bound by all covenants, obligations, and commitments of Franchisee contained in each of the Franchise Documents to the same extent as if each of the Guarantors had individually executed the same as Franchisee.

Guarantors understand and agree that any modification of the Franchise Documents, including any addendum thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Documents, including any addendum thereto, shall not in any way release Guarantors from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected or diminished. Notice to Guarantors of any such modification, waiver, extension or forbearance under the terms thereof is hereby waived.

Guarantors hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Documents, in whole or in part, that Franchisor or its assignees may make. Guarantors agree to pay all costs, including reasonable attorneys' fees, incurred by Franchisor to collect or otherwise enforce the terms of this Guaranty. This Guaranty has been delivered in the State of California and shall be construed and enforced in accordance with the laws thereof. Jurisdiction and venue in any action to enforce this Guaranty shall be in any state or federal court within the State of California in the judicial district where Franchisor has its principal place of business. Guarantors consent to the exercise of personal jurisdiction by any such court and waive any defense of lack of personal jurisdiction or improper venue.

GUARANTOR: _____

_____, Individually

GUARANTOR: _____

_____, Individually

GUARANTOR: _____

_____, Individually

FRANCHISEE:

_____

By: _____

Its: _____

Date: _____

EXHIBIT D. RESTRICTIVE COVENANT AGREEMENT

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

R E S T R I C T I V E C O V E N A N T A G R E E M E N T

THIS AGREEMENT, by and between, _____ (**Franchisee**), a [corporation] [partnership] [limited liability company] organized under the laws of the State of _____, and _____ (**Covenantor**), an individual resident of the State of _____,

W I T N E S S E T H:

WHEREAS, pursuant to that certain Franchise Agreement dated _____ (the **Franchise Agreement**), Ra Yoga (**Franchisor**) granted Franchisee a franchise to operate a Ra Yoga Franchised Business (the **Franchise**), using Franchisor's unique franchise system and Franchisor's trade name and service mark Ra Yoga and other proprietary marks; and

WHEREAS, Covenantor is the owner (or spouse of the owner) of the Franchisee.

WHEREAS, Franchisor has expended substantial amounts of time and money in developing the Marks (as hereinafter defined) and Franchisor's distinctive franchise system, including, without limitations, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, and procedures for the efficient operation of a Ra Yoga Franchised Business, all of which Covenantor acknowledges to be confidential and proprietary information; and

WHEREAS, in connection with the operation of the Franchise, Covenantor will have access to such confidential and proprietary information; and

WHEREAS, as a condition precedent to granting the Franchise to Franchisee, all shareholders, officers, partners, or members of Franchisee must execute the covenants contained herein;

NOW, THEREFORE, as additional consideration and inducement for granting the Franchise to Franchisee, Covenantor hereby agrees and covenants to Franchisee as follows:

1. Confidentiality. Covenantor acknowledges the proprietary and confidential nature of Franchisor's operations manual, which Franchisee has received on loan from Franchisor, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, client or referral lists, procedures for the efficient operation of a Ra Yoga Franchised Business, and any other methods, procedures, processes, techniques, information, knowledge, or know-how concerning Franchisor's franchise system or Franchisee's Franchise in particular that may not be commonly known to the public or to Franchisor's or Franchisee's competitors and that Franchisor or Franchisee have identified or may identify as proprietary and confidential information (**Trade Secrets**). Covenantor shall use such Trade Secrets solely for Franchisee's benefit and shall not, during the term of the Franchise Agreement or at any time thereafter, communicate, divulge, or use any Trade Secrets to or for the benefit of any other person, entity or organization.

2. Proprietary Marks. Covenantor acknowledges Franchisor's right, title, and interest in and to the service mark Ra Yoga, Ra Yoga Systems , Franchisor's stylized design, and certain other proprietary service

marks, logos, symbols and trade names presently used by Franchisor or that Franchisor may hereafter use or provide for use by Franchisee, and the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in Franchisor's franchise system (the Marks). Covenantor further acknowledges that any use of the Marks outside the scope of the Franchise Agreement without Franchisor's prior written consent would be an infringement of Franchisor's rights in the Marks. Covenantor expressly covenants that he/she shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation thereof during the term of the Franchise Agreement or after the expiration or termination thereof.

3. Non-solicitation. Covenantor covenants that he/she shall not, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for the periods indicated below, either directly or indirectly, for him/herself or through, on behalf of, or in conjunction with, any person, entity or organization:

(a) for a period of three (3) years, divert or attempt to divert any business or client of Franchisee's business, or of any other Franchisee of Franchisor, to any competitor or to Covenantor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that may be injurious or prejudicial to the goodwill associated with the Marks and Franchisor's franchise system; or

(b) for a period of one (1) year, employ or seek to employ any person who is at that time employed by Franchisee, Franchisor or any other Franchisee of Franchisor, or otherwise directly or indirectly attempt to induce such person to leave his or her employment.

4. Non-competition. Covenantor covenants that, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for one (1) year thereafter, directly or indirectly, for him/herself or through, on behalf of, or in conjunction with any person, entity or organization, own, maintain, operate, engage in, or have any interest in, any business offering yoga classes, therapy, and private instruction or any other products or service that have been offered by the Franchised Business, within twenty-five (25) miles of any Ra Yoga Franchised Business. This restriction shall not apply to the beneficial ownership by Covenantor of less than five percent (5%) of the outstanding equity securities of any corporation whose securities are registered under the Securities and Exchange Act of 1934.

5. Remedies. Covenantor acknowledges that his/her violation of any of the covenants contained in this Agreement would result in irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law may be available, and accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor or Franchisee in obtaining, an injunction enjoining any conduct by Covenantor prohibited by the terms of this Agreement. This remedy shall be in addition to any and all other remedies that may be available to Franchisor or Franchisee.

6. Severability. The parties agree that each of the covenants contained in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant contained herein is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision, Covenantor expressly agrees to be bound by any lesser covenants subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Agreement.

7. Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.

8. Construction. The parties agree that this Agreement shall be deemed to have been entered into in, and shall be governed by and construed in accordance with the laws of the State of California.

9. Jurisdiction. The parties agree that any action based upon this Agreement brought by any party hereto against any other party hereto may be brought within the State of California in the judicial district in which Franchisor has its principal place of business, and hereby consent to the exercise of personal jurisdiction by any such court and waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

10. Legal Expenses. In the event a dispute arises under this Agreement, the prevailing party shall be entitled to recover its expenses, including reasonable attorney and accountant fees, in addition to any other relief to which it may be found entitled.

11. Franchisor Third-Party Beneficiary. Covenantor and Franchisee acknowledge and intend that the covenants contained in this Agreement shall directly benefit Franchisor, who shall be a third-party beneficiary thereof, entitled to enforce the provisions thereof in Franchisor's own name without Franchisee as a party in any action filed for such purpose, and shall further be entitled to all remedies provided in Section 5 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their duly authorized representative, as of the dates set forth below.

FRANCHISEE:

Date: _____ By: _____

Its: _____ ____

Date: _____ _____

COVENANTOR

EXHIBIT E. POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

The undersigned Ra Yoga franchise (**Assignor**) does hereby irrevocably constitute and appoint Ra Yoga Franchising Group LLC, a California limited liability company (**Assignee**), the true and lawful attorney-in-fact and agent for Assignor and in Assignor's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Assignee, may be necessary or advisable for the sole purpose of assigning to Assignee or Assignee's designee all of Assignor's right, title and interest in and to any and all telephone numbers of Assignor's Ra Yoga Franchised Business and all related Yellow Pages, White Pages and other business listings, including but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services for Assignor, hereby granting unto Assignee full power and authority to do and perform any and all acts and things which, in the sole discretion of Assignee, are necessary or advisable to be done as fully to all intents and purposes as Assignor might or could itself do, hereby ratifying and confirming all that Assignee may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Assignor has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Assignee will be required to ascertain the authority of Assignee, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Assignee. Any person, firm or corporation dealing with Assignee shall be fully protected in acting and rely on a certificate of Assignee that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Assignor will not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Assignor by Assignee will be deemed to include such a certificate on the part of Assignee, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This power of Attorney will terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated evenly herewith by and between Assignee and Assignor. Such termination, however, will not affect the validity of any act or deed that Assignee may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with interest. It is executed and delivered in the State of California and the laws of the State of California and will govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

ASSIGNOR (Franchisee):

_____

[Name of Franchisee]

By: _____

Its: _____

STATE OF _____, COUNTY OF _____, Ss.

Acknowledged and subscribed before me, a Notary Public in and for said County and State, this _____ day of _____.

NOTARY PUBLIC

EXHIBIT F. FRANCHISEE DISCLOSURE QUESTIONNAIRE

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you are aware, you are preparing to enter into a Franchise Agreement with Ra Yoga Franchising Group LLC Ra Yoga (**Franchisor**) for the operation of a Ra Yoga franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you, either orally or in writing, that Franchisor has not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

YES _____ NO _____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

YES _____ NO _____

If "No," what parts of the Franchise Agreement do you NOT understand? (Attach additional pages if necessary.)

_____

_____

_____

3. Have you received a copy of the Franchise Agreement you are to execute with all the blanks completed?

YES _____ NO _____

If so, on what date did you receive the completed Franchise Agreement?

Date: _____

4. Have you received and personally reviewed the Ra Yoga franchise disclosure document?

YES _____ NO _____

On what date did you receive the franchise disclosure document?

Date: _____

5. Did you sign a receipt for the franchise disclosure document, indicating the date you received it?

YES _____ NO _____

6. Do you understand all of the information contained in the franchise disclosure document?

YES _____ NO _____

If "No," what parts of the franchise disclosure document do you NOT understand? (Attach additional pages if necessary.)

_____

_____

_____

7. Have you discussed the benefits and risks of investing in and operating a Ra Yoga franchise with an attorney, accountant, or another professional advisor?

YES _____ NO _____

If not, did you have the opportunity to do so?

YES _____ NO _____

8. Do you understand the risks of investing in and operating a Ra Yoga franchise?

YES _____ NO _____

9. Do you understand that the success or failure of your Ra Yoga franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors?

YES _____ NO _____

NOTE: Questions 10 through 17 do NOT relate to the information you may have been given directly by any franchisees of Franchisor.

10. Has any employee or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the actual revenue, profits, or operating costs of a Ra Yoga franchise?

YES _____ NO _____

11. Has any employee or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the amount of money you may earn operating a Ra Yoga franchise?

YES _____ NO _____

12. Has any employee or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the amount of revenue your Ra Yoga franchise will generate?

YES _____ NO _____

13. Has any employee or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the costs you may incur in operating a Ra Yoga franchise?

YES _____ NO _____

14. Has any employee or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the costs you may incur in opening or operating a Ra Yoga franchise that is contrary to or different from the information contained in the franchise disclosure document?

YES _____ NO _____

15. Has any employee or other person speaking on behalf of Franchisor made any written or oral statement or promise regarding the likelihood of success that you should or might expect to achieve from operating a Ra Yoga franchise?

YES _____ NO _____

16. Has any employee or other person speaking on behalf of Franchisor made any written or oral statement, promise, or agreement regarding the advertising, marketing, training, support services, or assistance that Franchisor will furnish to you that is contrary to or different from the information contained in the franchise disclosure document?

YES _____ NO _____

17. Has any employee or other person speaking on behalf of Franchisor made any written or oral statement, promise, or agreement regarding any other aspect of a Ra Yoga franchise that is contrary to or different from the information contained in the franchise disclosure document?

YES _____ NO _____

If you have answered "Yes" to any of Questions 10 through 17, please provide a full explanation of your answer in the following space (attach additional pages if necessary, and refer to them in the space below). If you have answered "No" to each of Questions 10 through 17, please leave the following space blank.

_____

_____

_____

You understand that your answers are important to us and that we will rely on them in entering into the Franchise Agreement with you.

NOTHING CONTAINED HEREIN IS INTENDED TO OR SHALL ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

By signing below, you represent that you have responded truthfully to the above questions.

Date: _____ ___ _____

Prospective Franchisee

EXHIBIT G. RELEASE OF CLAIMS

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

RELEASE OF CLAIMS

The undersigned Franchisee and Principals, for themselves and for their agents, employees, legal representatives, heirs and assigns, and the successors, heirs and assigns of each of them, hereby release Ra Yoga Franchising Group LLC, a California limited liability company ("Franchisor"), its shareholders, directors, officers, employees, agents, legal representatives, insurers, successors and assigns (the "Released Parties"), from any and all debts, claims, demands, damages, losses, liabilities, rights, actions, causes of action, expenses, contracts, obligations, promises, judgments, awards and suits of any kind whatsoever ("Claims") that the undersigned may now have against any of the Released Parties arising from any right, duty, or obligation granted or imposed by the Franchise Agreement or by the sale of the franchise granted thereunder, including, by way of illustration and not limitation, any misrepresentations in or omissions from the franchise disclosure document received by Franchisee, any act or omission that may constitute a violation of the Federal Trade Commission rule relating to Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, 16 CFR 436, or any amendment or successor thereto, and claims or causes of action arising under any state statute.

The undersigned expressly acknowledge and agree that the Claims are intended to and do include any and all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, accrued or contingent, intentional or unintentional, and liquidated or unliquidated, that they may have against any of the Released Parties up to and including the date hereof. The undersigned further acknowledge and agree that they may hereafter discover facts different from or in addition to those which they now know or believe to be true with respect to the Claims, and they agree that, in such event, this Release shall nevertheless be and remain in full force and effect and be binding in all respects, regardless of such different or additional facts or the discovery thereof.

The undersigned acknowledge and represent that they have consulted independent legal counsel, or knowingly waive the opportunity to be represented by independent legal counsel, in connection with their review and execution of this Release, that they have read and understood the terms of this Release, and that they sign the same willingly and without undue influence or coercion.

Notwithstanding the above, nothing contained herein shall act as a release, estoppel or waiver of any claim or liability arising under the California Franchise Relations Act, Illinois Franchise Disclosure Act, Indiana Franchise Disclosure Law, Indiana Deceptive Franchise Practices Law, Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota Franchise Investment Law, New York State Franchise Sales Act, Rhode Island Franchise Investment Protection Act, South Dakota Franchise Act, Virginia Retail Franchising Act, Washington Franchise Investment Protection Act, Wisconsin Franchise Investment Law, or Wisconsin Fair Dealership Law.

The Releasing Parties expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by them, and it is their intention to settle forever, adjust and compromise any and all present and future disputes with respect to all matters from the beginning of time to the date of this document, finally and forever, and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases gave by the Releasing Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action that exist, or might have existed, on the date of this release. The Releasing Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this release as the Releasing Parties, in their independent judgment, believe necessary or appropriate. The Releasing Parties have

not relied on any statement, promise or representation, whether of fact or law or lack of disclosure of any fact or law, by the Franchisor-Related Persons or anyone else, not expressly set forth herein, in executing this document and the related releases.

The Releasing Parties represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Releasing Parties may have against any or all of the Franchisor-Related Persons, all Claims having been fully and finally extinguished, and the Releasing Parties shall forever indemnify and hold the Franchisor-Related Persons harmless from any liability, claims, demands, damages, losses, costs, expenses or legal fees incurred by any of the Franchisor-Related Persons as a result of any Person asserting any interest in any of the Claims or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer, or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons as a condition precedent to recovery against the Releasing Parties under this indemnity.

The releases granted hereunder will be deemed effective as to each of the Releasing Parties as of the date this document is signed by each of the Releasing Parties. The liabilities and obligations of each of the Releasing Parties (and any other Person providing releases to the Franchisor-Related Persons) will be joint and several.

IN WITNESS WHEREOF, the undersigned have executed this Release as of the date(s) below.

FRANCHISEE:

Date: _____ By:_____

Its: _____ _____

Date: _____ _____

_____, individually

Date: _____ _____

_____, individually

Date: _____ _____

_____, individually

EXHIBIT H. STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

STATE FRANCHISE REGULATORS

California
Department of Business Oversight
One Sansome Street Suite 600
San Francisco, CA 941404-4428
1-866-275-2677

Connecticut
Securities & Business Investments Division
Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

Florida
Dept. of Agriculture and Consumer Services
Division of Consumer Services
227 N. Burrough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

Georgia

Governor's Office of Consumer Affairs
2 Martin Luther King Jr. Drive SE
356 West Tower
Atlanta, GA 30334-4600
(404) 651-8600

Hawaii
Dept. of Commerce & Consumer Affairs
Business Registration Division
1010 Richards Street
Honolulu, HI 96813
(808) 586-2021

Illinois
Office of the Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana
Indiana Securities Division
302 West Washington Street
Room E111
Indianapolis, IN 46204
(317) 232-6681

Kentucky
Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankfort, KY 40602-2000
(502) 573-2200

Louisiana
Office of the Attorney General
Consumer Protection Section
PO Box 94005
Baton Rouge, LA 70804-9005
(225) 326-6460

Maryland
Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan
Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, MI 48913
(517) 373-7117

Minnesota
Department of Commerce
Registration Division
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
(651) 296-4026

Nebraska
Dept. of Banking & Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York
New York Department of Law
Division of Public Advocacy
Investor Protection & Securities Bureau
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8000

North Carolina
Department of the Secretary of State
Securities Division
300 N. Salisbury Street
Raleigh, NC 27603-5909
(919) 733-3924

North Dakota
North Dakota Securities Department
State Capitol, Fifth Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

Rhode Island
Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910
(401) 462-9587

South Carolina
Secretary of State
1205 Pendleton Street
525 Edger Brown Building
Columbia, SC 29201
(803) 734-1958

South Dakota
Dept. of Labor and Regulations
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-48233

Texas
Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(513) 475-1769

Utah
Department of Commerce
Division of Consumer Protection
160 East 300 South
P.O. Box 45804
Salt Lake City, UT 84145-0804
(801) 530-6601

Virginia
State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9276

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

345 West Washington Avenue, 4th Floor
Madison, WI 53703
(608) 266-1064

AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Corporations
1515 K Street, Suite 200
Sacramento, CA 95814-4052

Hawaii
Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, HI 96813

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

Indiana
Administrative Office of the Secretary of State
201 State House
Indianapolis, IN 46204

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

Minnesota
Minnesota Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

New York
New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

North Dakota
Securities Commissioner
5th Floor, 600 East Boulevard
Bismarck, ND 58505-0510

Rhode Island
Dept. of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910

South Dakota
Division of Securities
Dept. of Labor and Regulations
124 S. Euclid Suite 104
Pierre, SD 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington
Director of Dept. of Financial Institutions
Security Division
150 Israel Rd SW
Tumwater WA 98501

Wisconsin
Commissioner of Securities
101 East Wilson Street
Madison, WI 53703

EXHIBIT I. LIST OF FRANCHISEES

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

There were no Franchisees of December 31, 2016

EXHIBIT J. LIST OF FRANCHISEES THAT LEFT THE SYSTEM

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

There were no Franchisees, who left the system during the most recently completed fiscal year or who have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

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

EXHIBIT K. FINANCIAL STATEMENTS

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

The franchisor has not been in business for three years or more; and therefore, cannot include all financial statements required.

A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

RA YOGA FRANCHISING GROUP, LLC

MAY 12, 2017

FINANCIAL STATEMENTS

RA YOGA FRANCHISING GROUP, LLC

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STATEMENT OF CHANGES IN MEMBERS' EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 7

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

May 12, 2017

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
RA Yoga Franchising Group, LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of RA Yoga Franchising Group, LLC (a limited liability company) as of May 12, 2017 and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as 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 of material misstatement.

An audit includes 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 risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I 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. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RA Yoga Franchising Group, LLC (a limited liability company) as of May 12, 2017 and the results of operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

A. Andrew Gianiodis

Certified Public Accountant

RA Yoga Franchising Group, LLC

Balance Sheet

May 12, 2017

Assets

Current assets	
Other assets	
Intangible assets (net)	

Liabilities and Equity

Current liabilities	
	50,000
Total liabilities	50,000
Member's Equity	
Total Equity	125
Total Liabilities and Equity	$ 50,125

See accompanying notes

RA Yoga Franchising Group, LLC

Statement of Operations

Period Ended May 12, 2017

Revenues		
Franchise fee	$	
Other franchise revenue		
Total revenue		-
Expenses		
Advertising		
Bank charges		-
Office expenses		
Professional fees		
Total expenses		-
Operating income		-
Depreciation		
Interest expense		
Income taxes		
Net Income	$	-

See accompanying notes

RA Yoga Franchising Group, LLC

Statement of Changes in Members' Equity
Period Ended May 12, 2017

	Members' Equity	Retained Earning	Total Equity
Members' Equity at May 1, 2017	**$ -**	**$ -**	**$ -**
Member Contributions	125	-	125
Net Income		0	- -
Members' Equity at May 12, 2017	**$ 125**	**$ -**	**$ 125**

RA YOGA FRANCHISING GROUP, LLC

Statement of Cash Flows Period
Ended May 12, 2017

Cash flows from operating activities:		
Net Loss	$	-
Adjustments to reconcile net loss to net cash provided by operating		
Depreciation & amortization		-
Changes in assets and liabilities		-
Current assets		`
Current liabilities		50,000
Net cash provided by operating activities		50,000
Cash flows from investing activities:		
Expenditures on intangible assets		-
Net cash provided by investing activities		-
Cash flows from financing activities:		
Capital Infusion		125
Member draws		-
Net cash provided by investing activities		125
Net increase in cash		50,125
Cash - beginning of period		-
Cash - end of period	$	50,125
Supplemental Disclosures		
Interest Paid		-
Income Taxes Paid		-

RA YOGA FRANCHISING GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own RA Yoga operation, as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectibility of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when reported by the franchise.

COMPANY INCOME TAXES

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at May 12, 2017, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 4 CONSULTATION AGREEMENT

The Company entered into a Consultation Agreement with Franchise Development & Marketing Group Inc. ("FD&MG"). FD& MG is retained to prepare franchise operations manuals, and to market and sell the Company's franchisees based on an advertising budget provided by RA Yoga Franchising Group, LLC.

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 12, 2017, the date that the financial statements were available to be issued.

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

CONSENT OF THE INDEPENDENT AUDITOR

To Whom It May Concern:

Andrew Gianiodis, CPA consents to the use in the Franchise Disclosure Document issued by RA Yoga Franchising Group, LLC ("Franchisor") on May 12, 2017, as it may be amended, of our report dated May 12, 2017, relating to the financial statements of Franchisor for the period ended May 12, 2017.

Sincerely,

A. Andrew Gianiodis, CPA

}

Ra Yoga

EXHIBIT L. TABLES OF CONTENTS OF OPERATING MANUALS

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

RA Yoga Operations Manual
Table of Contents

Chapter 1 – Finding a Location……1

Allocation, Characteristics, Analyzing, Negotiating, Purchase, Leasing

Chapter 2 – Accounting & Insurance……...12

Hiring, Requirements, Certificates, Taxes, Business Week, Reporting

Chapter 3 – Layout & Design……...20

ADA, Architects, Areas, Compliance

Chapter 4 – Décor……...26

Walls, Counters, Floors, Art, Paint, Lighting, Furniture, Bathrooms

Chapter 5 – Signage and Neon……...27

Type, Letter, Awnings, Backlight, Outdoor, Indoor, Directional

Chapter 6 – Construction & Equipment……...34

Plans, Approval, Contractors, Utilities, Equipment, Financing

Chapter 7 – Preparing to Open……...44

Completion, Inspection, Suppliers, Orders, Promoting, Pre Opening

Chapter 8 – Personnel & Training……...48

Hiring, The Law, Job Descriptions, Recruiting, Advertising, Interviewing, Selection, Sexual Harassment, Complaints, Retaining, Managing

Chapter 9 – Items (Services) Offered for Sale/Purchasing……...62

Truth "in" Laws, Pricing, Packaging, Testing, Receiving, Storage, Quality Control

Chapter 10 – Product Preparation or Procedures for Offering Services……70

Varied Sub Sections Depending on Type of Business

Chapter 11 – Paperwork and Controls…….…….....……...76

Account Descriptions, Checklists, Accounting Requirements, Credit Cards, Deposits, Cash, Inventory,

Chapter 12 – Cleaning & Maintenance…….....……....79

Cleaning, Sanitizing, Products, Processes, Equipment, Preventative Maintenance

Chapter 13 – Franchise Evaluations & Compliance……98

Standards, Reports, Non Compliance,

Chapter 14 – Safety & Security……...107

Phones, Locks, Lighting, Surveillance, Alarms, Safes, Procedures, Training

Chapter 15 – Promoting & Marketing …….……...122

Chapter 16 - Communication and Social Media Policy …….140

TOTAL PAGES …….150

EXHIBIT M. STATE SPECIFIC ADDENDUMS

TO THE RA YOGA FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA STATE ADDENDUM DISCLOSURES:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.

2. The franchisor, any person or franchise broker in Item 2 of the UFOC is not 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.

3. California Business and Professions Code 20000 through 20043 provides rights to the franchise concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

4. 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.).

5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The franchise agreement requires binding arbitration. The arbitration will occur in Orange County California with the costs being borne by you and us.

8. 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 a franchise agreement restricting venue to a forum outside the State of California.

9. The franchise agreement requires the application of the laws of California. This provision may not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

12. "The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain

your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

13. Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the contents of the website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Hawaii Franchise Investment Law:

The following list reflects the status of our franchise registrations in the states which have franchise registration laws:

- This registration is effective in the states of Florida, Indiana, Kentucky, Nebraska, Texas, and Virginia.

- There are no states which have refused, by order or otherwise, to register these franchises.

- There are no states which have revoked or suspended the right to offer these franchises.

The release required as a condition of renewal, assignment, and transfer will not apply to any liability arising under the Hawaii Franchise Investment Law.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Hawaii Franchise Investment Law:

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.,* the Franchise Agreement is amended as follows:

(a) The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination, and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

(b) A general release required as a condition of the renewal, assignment, or transfer of the Franchise Agreement or the franchise granted thereunder shall not apply to any claim or liability arising under the Hawaii Franchise Investment Law.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
RA YOGA FRANCHISING GROUP LLC

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Illinois Franchise Disclosure Act of 1987, as amended, and the Illinois Disclosure Rules and Regulations:

815 ILCS 705/41 provides that any condition, stipulation or provision in the franchise agreement that requires you to waive any of your rights under, or the franchisor's obligation to comply with any provision of, the Illinois Franchise Disclosure Act of 1987, as amended, the Illinois Disclosure Rules and Regulations, or any other law of Illinois, is void.

Nonrenewal of your franchise must comply with 815 ILCS 705/20. Termination of your franchise must comply with 815 ILCS 705/19.

Any provision in the franchise agreement that requires the application of the laws of another state is void with respect to a claim otherwise enforceable under the Illinois Franchise Disclosure Act.

Any provision in the franchise agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

The Choice of Forum stated in Item 17v is modified to state that

> *All claims must be brought in Orange County California, or in the County in the state of Illinois where your franchise is located.*

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

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ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT AND OTHER AGREEMENTS

The Franchise Agreement to which this addendum is attached, which may have been entered into by and between the below undersigned parties incident to the execution of the Franchise Agreement (collectively referred to as the "Franchise Related Agreements") are amended as follows to comply with the Illinois Franchise Disclosure Act of 1987, as amended, and the Illinois Disclosure Rules and Regulations:

1. Notwithstanding any other provision of the Franchise Agreement or any exhibit or attachment thereto, Franchisee is not obligated to pay Franchisor, and Franchisor may not accept from Franchisee, any fees until Franchisor has performed all of its pre-opening obligations to Franchisee under the Franchise Agreement and Franchisee has opened the Franchised Business.

2. Termination and nonrenewal of the Franchise Agreement must comply with 815 ILCS 705/20.

3. A general release required as a condition of renewal, assignment, or transfer does not apply to any claim or liability arising under the Illinois Franchise Disclosure Act.

4. Any provision in the Franchise Agreement and Franchise Related Agreements that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Illinois is void with respect to a claim otherwise enforceable under the Illinois Franchise Disclosure Act.

5. The representations in Section 18.14 of the Franchise Agreement do not act as a release, estoppel, or waiver of any claim or liability arising under the Illinois Franchise Disclosure Act.

6. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act and the Illinois Disclosure Rules and Regulations are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement, Related Franchise Agreements, or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement and Related Franchise Agreements in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement and Franchise Related Agreements to which it is attached.

FRANCHISOR:
RA YOGA FRANCHISING GROUP LLC

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____.

INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law:

THE STATE OF INDIANA HAS STATUTES WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE [INDIANA CODE §§23-2-2.5-1 THROUGH 23-2-2.5-50]. THIS STATE ALSO HAS 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 STATE OF INDIANA HAS A STATUTE WHICH RESTRICTS OR PROHIBITS THE IMPOSITION OF LIQUIDATED DAMAGE PROVISIONS [INDIANA CODE §23-2-2.7(10)]. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101.

A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

The franchise agreement does not expressly give you the right to terminate, but Indiana law may give you the right to terminate if we commit a substantial breach of the franchise agreement.

Any provision in the franchise agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law will prevail.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

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INDIANA ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

1. A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

3. In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law shall prevail.

4. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR: **RA YOGA FRANCHISING GROUP LLC**	FRANCHISEE**:**
By:_____	By:_____
Its:_____	Its:_____
Date:_____	Date:_____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

ITEM 5

All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement.

ITEM 17

The general release required as a condition of renewal, assignment, or transfer does not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law.

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Maryland Franchise Registration and Disclosure Law:

1. All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement.

2. A general release required as a condition of renewal, assignment, or transfer does not apply to any claim or liability arising under the Maryland Franchise Regulation and Disclosure Law.

3. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The representations contained in section XXIII(A) of the Franchise Agreement do not act as a release, estoppel, or waiver of any liability arising under the Minnesota Franchise Law.

5. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR: **RA YOGA FRANCHISING GROUP LLC**	FRANCHISEE**:**
By:_____ Its:_____	By:_____ Its:_____
Date:_____	Date:_____

FOR RESIDENTS OF THE 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.

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

2. A requirement that a 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 franchise, after entering into a franchise agreement, from settling any and all claims.

3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for a 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.

4. 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 another commercial symbol in the same area subsequent to the expiration of the franchise or the franchise does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

5. 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 under similar circumstances. This section does not require a renewal provision.

6. 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.

7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for a 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:
8.
(a) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

(d) 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.

9. 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 paragraph 3 above.

10. 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.

11. If the Franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000 the Franchisee may request the Franchisor to arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations, if any, of the Franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

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 the notice of this offering on file with the attorney general should be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913 (517) 373-7117.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

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MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Minnesota Franchise Law:

The Minnesota Department of Commerce requires that the franchisor indemnifies Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes trademark rights of the third party. The franchisor does not indemnify against the consequences of the franchisee's use of the franchisor's trademark except in accordance with the requirements of the franchise.

Minnesota Rules, 1989, Department of Commerce, Chapter 2860, Section 4400D prohibits a franchisor from requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statues 1973 Supplement, Section 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

Minn. Rule 2860.4400J states that it is unfair and inequitable for a franchisor to require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or to consent to liquidated damages, termination penalties, or judgment notes. Any language found in the disclosure document or Franchise Agreement contrary to this rule is amended so that it does not apply to Minnesota franchisees.

THE STATE OF MINNESOTA HAS STATUTES WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF MINNESOTA ALSO HAS COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, THE FRANCHISOR MUST COMPLY WITH MINNESOTA STATUTE 80C.14, SUBDIVISIONS 3, 4 AND 5, WHICH REQUIRE, EXCEPT IN CERTAIN SPECIFIC CASES, THAT A FRANCHISEE BE GIVEN 90 DAYS NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS NOTICE FOR NON- RENEWAL OF THE FRANCHISE AGREEMENT. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF MINNESOTA HAS COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED. LIQUIDATED DAMAGE PROVISIONS ARE VOID UNDER MINNESOTA LAW.

Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the requirement that all litigation must take place in California shall not in any way abrogate or reduce any rights of the franchise as provided for in Minnesota Statutes, Chapter 80C.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchise is given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement.

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To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Minnesota Franchise Law:

1. A general release required as a condition of renewal, assignment, or transfer does not apply to any claim or liability arising under the Minnesota Franchise Law.

2. Franchisor shall protect the right of Franchisee to use the Marks in accordance with the requirements of the Franchise Agreement.

3. The final two paragraphs of provision XXI(B) is hereby deleted.

4. Section XXIII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of Minnesota.

5. The representations contained in section XXIII(A) of the Franchise Agreement do not act as a release, estoppel, or waiver of any liability arising under the Minnesota Franchise Law.

6. Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchise Agreement does not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes, Chapter 80C. These statutes prohibit Franchisor from requiring litigation to be conducted outside Minnesota or abrogating or reducing any of Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

7. With respect to franchises governed by Minnesota law; Franchisor shall comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchise is given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

8. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR: **RA YOGA FRANCHISING GROUP LLC**	FRANCHISEE**:**
By:_____	By:_____
Its:_____	Its:_____
Date:_____	Date:_____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the New York General Business Law and the New York State Franchise Regulations:

All references to a "disclosure document" include the term "offering prospectus" as used under New York law.

The disclosure document Cover Page is amended as follows:

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE IN THIS OFFERING PROSPECTUS.

Item 3 is amended by the addition of the following language:

Neither Ra Yoga Franchising Group LLC, its predecessors, nor any person identified in Item 2 has any administrative, criminal or civil action pending against them alleging: a felony; a violation of franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither Ra Yoga Franchising Group LLC, its predecessors, nor any person identified in Item 2 has any 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.

Neither Ra Yoga Franchising Group LLC, its predecessors, nor any other person identified in Item 2 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.

Neither Ra Yoga Franchising Group LLC, its predecessors, nor any person identified in Item 2 is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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Item 4 is amended to state that, except as described in Item 4, during the 15 year period immediately before the date of the Disclosure Document neither Ra Yoga Franchising Group LLCT, its predecessors or current officer or general partner of Ra Yoga Franchising Group LLC (a) is subject to any pending bankruptcy or reorganization proceeding under the United States Bankruptcy Code; (b) has 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 ever filed as a debtor (or had filed against it) a petition to start an action under the United States 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.

Ra Yoga Franchising Group LLC has the right to modify or revise lists of specifications or any part of the System, provided that any revisions or modifications will not unreasonably increase your obligation or place an excessive and unreasonable economic burden on your operations.

Provisions for a general release are included in the offering prospectus and specified in the Franchise Agreement. These releases are limited to the following: all rights enjoyed by the franchise and any causes of action arising in its favor from the provisions of Article 33 and the regulations issued thereunder shall remain in force; it is the intent of this provision that the nonwaiver provisions of Sections 687.4 and 687.5 be satisfied.

THE STATE OF NEW YORK MAY HAVE STATUTES THAT SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF NEW YORK ALSO HAS COURT DECISIONS THAT MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. A PROVISION IN THE FRANCHISE AGREEMENT THAT TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE SECTION 101. THE STATE OF NEW YORK MAY HAVE COURT DECISIONS RESTRICTING THE IMPOSITION OF LIQUIDATED DAMAGES. THE IMPOSITION OF LIQUIDATED DAMAGES IS ALSO RESTRICTED BY FAIR PRACTICE LAWS, CONTRACT LAW, AND FEDERAL COURT DECISIONS. THE STATE OF NEW YORK HAS COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED.

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

Ra Yoga

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the New York General Business Law and the New York State Franchise Regulations:

1. Section 2.2(g) of the Franchise Agreement is amended as follows:

"Notwithstanding any other provision of the Franchise Agreement, all rights arising in Franchisee's favor from the provisions of Article 33 of the General Business Laws of the State of New York ("GBL") and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the nonwaiver provisions of GBL, sections 687.4 and 687.5 be satisfied."

2. Franchisee may terminate the Franchise Agreement upon any grounds available by law.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York General Business Law and the New York State Franchise Regulations are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
RA YOGA FRANCHISING GROUP LLC

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the North Dakota Franchise Investment Law:

Covenants restricting or prohibiting your right to compete after the termination or expiration of your franchise agreement are generally considered unenforceable in the State of North Dakota.

The release required as a condition of renewal and/or assignment/transfer will not apply to any liability arising under the North Dakota Franchise Investment Law.

Any provision of the franchise agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

Any mediation, if necessary, will take place at the American Arbitration Association office nearest your business Site.

Any provision of the franchise agreement requiring you to waive the right to a trial by jury is void.

Any provision of the franchise agreement requiring you to waive exemplary or punitive damages is void.

Any provision of the franchise agreement requiring you to consent to a statute of limitations that is shorter than the applicable North Dakota statute of limitations is void.

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NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the North Dakota Franchise Investment Law:

1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the North Dakota Franchise Investment Law.

2. Any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

3. Section 15.1 is amended by the addition of the following sentence:

   "Covenants not to compete such as the one described above are generally considered unenforceable in the State of North Dakota."

4. The final two paragraphs of provision XXI(B) is hereby deleted.

5. Section XXIII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of North Dakota.

6. The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

RA YOGA FRANCHISING GROUP LLC	BUSINESS ORGANIZATION FRANCHISEE:
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

INDIVIDUAL FRANCHISEE:	INDIVIDUAL FRANCHISEE:
_____	_____
Signature	*Signature*
Date: _____	Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Rhode Island Franchise Investment Act:

A condition, stipulation or provision requiring a franchise to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this act or a rule or order under this act is void.

A provision is 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.

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Rhode Island Franchise Investment Act.

1. A general release requiring as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Rhode Island Franchise Investment Act.

2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

FRANCHISOR:
RA YOGA FRANCHISING GROUP LLC

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Washington Franchise Investment Protection Act:

The State of Washington has a statute, R.C.W. 19.100.180, which may supersede the franchise agreement 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.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 R.C.W., shall prevail.

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.

Transfer fees are collectible to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

Ra Yoga

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Washington Franchise Investment Protection Act:

1. The State of Washington has a statute, RCW 19.100.180, that may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the franchise agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. Transfer fees are collectible to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.
The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
RA YOGA FRANCHISING GROUP LLC

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Wisconsin Franchise Investment Law and the Wisconsin Fair Dealership Law:

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISION OF THE FRANCHISE AGREEMENT THAT IS INCONSISTENT WITH THAT LAW. THE STATE OF WISCONSIN MAY ALSO HAVE COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE RELATIONSHIP IN RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS WHICH RESTRICT THE IMPOSITION OF LIQUIDATED DAMAGES. THE IMPOSITION OF LIQUIDATED DAMAGES IS ALSO RESTRICTED BY FAIR PRACTICE LAWS, CONTRACT LAW, AND STATE AND FEDERAL COURT DECISIONS. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATED THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED.

We may revoke our approval of any previously approved supplier at any time if the quality of the product or the supplier's financial condition or ability to satisfy your requirements do not continue to meet our satisfaction.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

Ra Yoga

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Wisconsin Fair Dealership Law:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats., supersedes any inconsistent provisions of the Franchise Agreement.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
RA YOGA FRANCHISING GROUP LLC

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

Item 23. RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Ra Yoga Franchising Group LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

[New York, Oklahoma and Rhode Island require that Ra Yoga Franchising Group LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Iowa requires that Ra Yoga Franchising Group LLC gives you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan and Oregon require that Ra Yoga Franchising Group LLC gives you this disclosure document at least 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 Ra Yoga Franchising Group LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit I.

The name, principal business address and telephone number of each franchise seller offering the franchise are: Robert Kittleman, Founder and CEO and Jennifer Vande Hei, Co-Founder and Chief Yoga Officer at 3077 Bristol St Suite A, Costa Mesa CA 92626, California, 714-369-9293, and: _____

Issuance Date: May 12, 2017

Our registered agents authorized to receive service of process for us are listed in Exhibit H.

I have received a disclosure document dated May 12, 2017. This disclosure document included the following Exhibits:

EXHIBIT A. AREA DEVELOPER AGREEMENT
EXHIBIT B. FRANCHISE AGREEMENT
EXHIBIT C. PERSONAL GUARANTY
EXHIBIT D. RESTRICTIVE COVENANT AGREEMENT
EXHIBIT E. POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER
EXHIBIT F. FRANCHISEE DISCLOSURE QUESTIONNAIRE
EXHIBIT G. RELEASE OF CLAIMS
EXHIBIT H. STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT I. LIST OF FRANCHISEES
EXHIBIT J. LIST OF FRANCHISEES THAT LEFT THE SYSTEM
EXHIBIT K. FINANCIAL STATEMENTS
EXHIBIT L. TABLES OF CONTENTS OF OPERATING MANUALS
EXHIBIT M. STATE SPECIFIC ADDENDUMS

Date	Signature	Print Name
Date	Signature	Print Name

KEEP THIS COPY FOR YOUR RECORDS

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RA YOGA FRANCHISING GROUP, LLC
EXHIBIT L. TABLES OF CONTENTS OF OPERATING MANUALS
EXHIBIT M. STATE SPECIFIC ADDENDUMS

Date	Signature	Print Name
Date	Signature	Print Name

RETURN TO: Ra Yoga Franchising Group LLC at 3077 Bristol St Suite A, Costa Mesa CA 92626