FRANCHISE DISCLOSURE DOCUMENT

The Only Facial LLC
A Missouri Limited Liability Company
2025 S. Brentwood Boulevard, Suite 105
Brentwood, Missouri 63144
(314) 202-6690
info@theonlyfacial.com
www.theonlyfacial.com

The franchise offered is for the establishment and operation of a The Only Facial, a service-based skincare business that offers one facial that is designed to jumpstart cell turnover without any upsells, products sold, or tips allowed.

The total investment necessary to begin operation of a The Only Facial franchise is $292,850 to $439,500. This includes $50,700 to $63,745 that must be paid to the franchisor or an affiliate.

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 governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact **Andrea Erker** at 2025 S. Brentwood Boulevard, Suite 105, Brentwood, Missouri 63144 and (314) 202-6690.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like an attorney or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1–877–FTC–HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 1, 2025, materially amended on October 8, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

Consider these facts about franchising before investing in any franchise:

1. **<u>Continuing responsibility to pay fees</u>**. You may have to pay royalties and other fees even if you are losing money.
2. **<u>Business model can change</u>**. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchised business or may harm your franchised business.
3. **<u>Supplier restrictions</u>**. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.
4. **<u>Operating restrictions</u>**. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.
5. **<u>Competition from franchisor</u>**. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.
6. **<u>Renewal</u>**. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.
7. **<u>When your franchise ends</u>**. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations 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 THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 6TH FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor is The Only Facial LLC, and to simplify the language in this disclosure document, we will be referred to as “we” or “us.” We refer to the individual or business entity (corporation, partnership, etc.) buying the franchise as “you.” If you are a business entity, because the individuals with a beneficial ownership interest in you, and their spouses, must guarantee your obligations under the franchise agreement, the term “you” as used in this disclosure document also collectively refers to those individuals and their spouses.

The Only Facial LLC, is a limited liability company organized in the state of Missouri on March 20, 2017. We maintain our principal place of business at 2025 S. Brentwood Boulevard, Suite 105, Brentwood, Missouri 63144. We do business only under the name The Only Facial. Our agents for service of process are described in **Exhibit F**.

We have offered franchises for The Only Facial since June 2024. We have not offered franchises in any other line of business. We do not operate The Only Facial businesses however, we have affiliates who operate the same type of business you would operate as a franchisee.

We have no predecessors. We have nine affiliates. One affiliate, The Only Facial Financial, LLC, guarantees our obligations to you under the franchise agreement. The other eight affiliates own and operate our company-owned and affiliate-owned The Only Facial businesses. TOF Des Peres LLC has operated our Des Peres, Missouri location since 06/2022; TOF University City LLC has operated our University City, Missouri location since 08/2017; TOF Clayton LLC has operated our Clayton, Missouri location since 03/2023; TOF Springfield LLC has operated our Springfield, Missouri location since 01/2025; TOF Sunset Hills LLC has operated our Sunset Hills, Missouri location since 09/2024; TOF Frontenac LLC has operated our Frontenac, Missouri location since 03/2025; and TOF Vista Dermatology LLC has operated our Des Peres, Missouri location located in the Des Peres offices of Vista Dermatology since 08/2025. TOF Creve Coeur LLC will operate our Creve Coeur, Missouri location starting in Q4 2025. These eight affiliates do not provide any products or services to franchisees. None of our affiliates offer franchises in any other line of business.

The Franchise Offered

The Only Facial is a service-based skincare company that offers one facial that is designed to jumpstart cell turnover without any upsells, products sold, or tips allowed. You will operate a The Only Facial (referred to in this disclosure document as the “Franchised Business”) according to the terms of our franchise agreement in the form attached as **Exhibit C** to this disclosure document (“Franchise Agreement”) and according to our standards, as described below. The Only Facial system (the “System”) is identified by means of certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including the name “The Only Facial” (the “Proprietary Marks”). We can add, eliminate, modify or substitute any of the Proprietary Marks at any time, in our sole discretion. The System includes our methods, techniques, standards, specifications, policies and procedures relating to the operation of The Only Facial as described in our confidential operational manual and other written directives (collectively, the “Manuals”). It also includes our distinctive decor, color schemes, and our advertising and promotional programs, all of which we may change, improve and further develop.

General Market and Competition

The Franchised Business will provide products and services to the general public. The market for skin-care and facials is highly competitive and is well developed. Your Franchised Business will compete with local, regional and national brands with multiple locations, and single-location, independent businesses, that provide facials, either as their primary service, or as one of multiple beauty, health or wellness-related services they provide. Examples of brands that provide facials, as well as other services, include Face Foundrié and Heydey. The services provided by The Only Facial businesses are used primarily by the general public and are not limited to any specific submarket, though the majority of the customers are women. Our business is not seasonal.

Industry-Specific Regulations

Certain aspects of the skin care business are heavily regulated by federal, state and local laws, rules and ordinances. All of the services provided by the Franchised Business must be provided by aestheticians who must be licensed to perform aesthetic services by the state in which you operate. Some states prohibit aestheticians from performing certain services, including services that we require franchisees to provide. It is your responsibility to understand and comply with these laws, as well as other laws, regulations and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupational Safety and Health Act. In addition, we have engaged a medical director who provides administrative services for the purposes of enabling certain medical suppliers to provide your Franchised Business with equipment we require. The laws applicable in the jurisdiction where your Franchised Business is located may require you to retain a separate medical director. Check with a lawyer to learn about specific laws applicable to your Franchised Business in the jurisdictions where you wish to locate your Franchised Business.

ITEM 2

BUSINESS EXPERIENCE

Andrea Erker — Chief Executive Officer

Andrea Erker has served as our Chief Executive Officer and Director since we were founded in January 2017. Previously, she was a product specialist with Myriad Genetics from July 2018 to June 2022. She is, and has been during her time in those positions, located in St. Louis, Missouri.

Jill Alaimo — Chief Training Officer

Jill Alaimo has served as our Chief Training Officer and Director since our founding in January 2017. Previously, Jill was the owner of Vanity from March 2013 to February 2023. She is, and has been during her time in those positions, located in St. Louis, Missouri.

Maggie Poling — Chief Operating Officer

Maggie Poling has served as our Chief Operating Officer since June 2022. Previously, Maggie was the Senior Director of Business Planning and Analytics for Famous Footwear from August

2020 to May 2023. She is, and has been during her time in those positions, located in St. Louis, Missouri.

Jennifer Bellm — Chief Financial Officer

Jennifer has been our Chief Financial Officer since August 2024. She is also the owner of Small Business Solutions, a position she has held since March, 2017. She is, and has been during her time in those positions, located in St. Louis, Missouri.

Claire Farley — Director of Franchise Support

Claire has been our Director of Franchise Support since September 2024. Previously, she was a manager of planning with Famous Footwear, a position she held from March 2021 to August 2024, and a planning specialist with Famous Footwear, a position she held from June 2018 to March 2021. She is, and has been during her time in those positions, located in St. Louis, Missouri.

Katy Allison — Director

Katy has been one of our directors since May 2018. She is also the manager of The Only Facial location operated by our affiliate, TOF Des Peres, LLC, a position she has held since February 2025. Previously, she was the manager of our affiliate TOF Des Peres LLC from February 2024 to February 2025, and the manager of our affiliate TOF University City LLC from October 2017 to February 2024. She is, and has been during her time in those positions, located in St. Louis, Missouri.

Marisa Erker — Director

Marisa has been one of our directors since June, 2025. She is also an enterprise account executive at Worldwide Technologies, a position she has held since October, 2002. She is, and has been during her time in those positions, located in St. Louis, Missouri.

ITEM 3

LITIGATION

We have no information and no litigation to disclose in this Item.

ITEM 4

BANKRUPTCY

We have no bankruptcy information to disclose in this Item.

ITEM 5

INITIAL FEES

You must pay us an initial franchise fee. Currently, our initial franchise fee is $40,000.00. If you sign a franchise agreement after January 1, 2026, the initial franchise fee will be $45,000. The entire fee is due when you sign the Franchise Agreement. The initial franchise fee is not refundable. The initial franchise fee is uniform for all franchises currently being offered.

Besides the initial franchise fee, you must also pay us a training fee of $2,500 for each aesthetician who will work at your Franchised Business when you open. We estimate that you will need to have four to six aestheticians trained at the time your Franchised Business opens. At aesthetician training, we invite the aestheticians to bring three articles of clothing to be embroidered with The Only Facial logo. If they choose to do so, you will be required to pay for the costs of the embroidering, which is currently, $15 per article.

Also, our required phone service provider, Snapcom charges a $500 installation fee to install the phone system you will use at the Franchised Business. You pay that fee to us and we remit it to Snapcom on your behalf.

Construction Visits

We reserve the right to conduct on-site inspections during the construction of your Franchised Business, as we deem appropriate, to ensure the construction of the site meets our standards. We estimate that we will have one construction visit to your site and, as of the date of this disclosure document, there is no cost to you for this first visit. If additional construction visits are required, however, we may require you to pay us or reimburse us the out-of-pocket expenses that we incur in conducting such on-site inspections, including costs of transportation, lodging, and meals. We estimate that the payments to us for any additional construction visit will range from $500 to $1,500 per visit. These costs are non-refundable.

Extension Fee

You will have one hundred eighty (180) days from the date you sign the Franchise Agreement or the date we approve of your location, whichever is later, to open and begin operating your Franchised Business. You may request up to two (2) three-month extensions if you believe they are needed, which requests we may grant, or deny, in our sole discretion. If you request an extension you must pay a $550 extension fee for each extension at the time you make the request. If we deny a request for an extension, we will return the fee. We are not obligated to grant these extensions, and we have the right to condition our consent on other requirements. Extension fees are not refundable and are not credited against any other obligation you may have to us.

Background Check

After you apply to become a franchisee, you will be required to submit to a background check which includes a criminal/civil record search and a credit check. In connection with the background check, you will be required to pay the fee for the background check which may be payable to us or to our background check provider. We estimate that the fee will be between $200 to $300 for each franchisee, or owner of the franchisee entity, and is non-refundable. We estimate the total fee will be between $200 to $600 if there are one or two franchisees, or owners. If you have more than two owners, the fee may be higher.

ITEM 6

OTHER FEES

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	6% of Gross Sales per month	10th day of each month.	See Note 2 for definition of Gross Sales.
Inspection/Audit Expenses	1.5% per month interest (or the highest rate allowed by law) plus the amount of fees unpaid if an audit or inspection of your records determines that you failed to pay all fees owed to us. In addition, if the audit or inspection reveals an understatement of Gross Sales, you must also reimburse us for the cost of the audit or inspection.	On demand.	Payable only if inspection or audit shows that any financial information delivered by you to us is inaccurate or shows that you failed to pay all fees owed to us.

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Training Fees	If you engage additional managers after you and your initial manager have completed initial training, that manager must complete our training program and you must pay us a training fee of $1,500 per manager to be trained. Every aesthetician you hire to work in your Franchised Business after your Franchised Business opens must complete our aesthetician training. The training fee for aesthetician training is $2,500 per aesthetician to be trained.	As incurred.	
Reception Services (Optional)	2.5% of Gross Sales per month	The same day as the Royalty Fee.	You have the option of retaining us to manage communications with customers, including answering calls, checking and returning voicemails, sending confirmation texts and monitoring your booking software. If you choose to retain us to provide these services, you must pay this fee.

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Technology Fee	Currently $300 per month	The same day as the Royalty Fee.	This fee will be used by us to pay for the costs of certain technologies that we will make available to you for use in the operation of the Franchised Business. If the costs of the technology we make available to you increase, we may increase this fee.
Software Licensing Fee	Currently, $0	Upon implementation of the software, or any update, supplement, modification or enhancement.	If we develop any proprietary software for your use in the operation of the Franchised Business, we can require you to pay a licensing fee related to your share of the costs we incur to develop that software, or to execute any updates, supplements, modifications or enhancements to any such software.

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Local Advertising and Promotion	The greater 2% of the prior month's Gross Sales or $3,500, if 2% of the prior month's Gross Sales are less than $3,500.	The same day as the Royalty Fee.	You must spend this amount each month. We have the right to require that you provide us with proof that you have spent at least the required amount each month on advertising or promotion of the Franchised Business consistent with our standards. If you fail to spend the required minimum amount in a given month, we have the right to require you pay us the difference between the minimum required amount and the actual amount you spent.
Advertising Materials	Varies depending on the advertising material.	When the order is placed.	We reserve the right to charge you for advertising materials we create and approve of you using to promote your Franchised Business.
Gift Box Fee	10% of the amount of gift cards redeemed at your Franchised Business each month.	The same day as the Royalty Fee.	
Holiday Gift Box Fee for orders in excess of allotted amount	$5 per box ordered in excess of your allotment.	At the time you place the order.	We allot each franchised The Only Facial business with an allotment of Holiday Gift Boxes annually during the holiday season. If you wish to order more Holiday Gift Boxes than we allot to you, you must pay this fee.

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Grand Opening Advertising	$36,000	Three months after your Franchised Business opens.	You are required to spend $15,000 on grand opening advertising within 60 days of your Franchised Business opening, plus $7,000 per month in local advertising during the first three months your Franchised Business is open. If you do not spend at least these amounts you must pay the amount of the difference between the minimum required amount and the amount you actually spent, to us.
Employee Embroidery Costs	Currently, $15 per item of clothing.	At the time you send an aesthetician to be trained.	When you send aestheticians to be trained, we invite them to bring up to three pieces of clothing to be embroidered with our logo. If they choose to do so, you are required to pay the costs of the embroidery.
Insurance Fee	Amount of premium plus administrative fee equal to 10% of premium.	On demand.	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. See Item 8 for insurance requirements.

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Direct Mail Services Fee (optional)	Currently, $1.85 per mailer	When you engage our approved vendor to provide you direct mail services.	We offer you the option to engage direct mail marketing services through one of our approved vendors. If you choose to engage with the vendor for this service, the fees for the service may be paid to us or the vendor. The vendor establishes the amount of this fee.
Renewal Fee	$1,000	When signing Renewal Agreement.	Payable if you renew your franchise.
Late Fee	10% of the delinquent amount or the highest amount permitted by law for each month any payment owed to us remains delinquent.	Continues to accrue until paid.	Payable only if any sums due us are not paid when due.
Reinspection Fee	An amount equal to the costs incurred by us to conduct a reinspection of the Franchised Business.	On demand.	If we inspect your Franchised Business to confirm that deficiencies have been resolved, you must pay us this fee.
Deficiency Correction Fee	The costs we incur to rectify deficiencies plus an additional 10%	On demand.	If we identify any deficiencies in your Franchised Business's compliance with the Franchise Agreement, or our standards, and you fail to address the deficiencies within a reasonable time, we shall have the right, but not the obligation, to correct the deficiencies and to charge you a fee equal to the costs we incur to make the correction, plus 10%.

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer Fee	$10,000	Before transfer.	Payable if you transfer/assign your franchise.
Product Inspection and Testing	The greater of $500, or the costs we incur for inspection or testing.	When billed.	Payable if you ask us to evaluate or approve a proposed alternative supplier or alternative product. See Item 8 for information about supplier restrictions and our supplier approval process.
Liquidated Damages	The average Royalty Fee owed by you during the prior 12 months multiplied by the lesser of 36, or the number of months remaining on the term of the Franchise Agreement.	Upon termination of the Franchise Agreement prior to its expiration.	If we terminate the Franchise Agreement due to your default, or if you attempt to terminate for any reason not permitted by us, the Franchise Agreement or applicable law.
Taxes	An amount equal to any state or local taxes that may be imposed on us as a result of our receipt or accrual of fees owed by you.	On demand.	Excludes any tax owed by us on our income.
Legal Fees and Indemnification	Varies according to cost or loss incurred.	On demand.	You must indemnify us and our affiliates from liability for any claim based on or arising from your operation of the Franchised Business.

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional Assistance	$250 per hour or $2,000 per whole day if the assistance is provided by an officer of ours; $150 per hour or $1,000 per whole day, if the assistance is provide by a representative of ours who is not an officer.	When billed.	If you request, or if we determine such assistance is necessary to ensure your Franchised Business is in compliance, we may provide additional advice and assistance to you beyond what we typically provide to franchisees.

Notes:

Note 1. Except as described above, all fees are non-refundable and are uniformly charged.

Note 2. "Gross Sales" means all revenues attributable to or derived from the operation of the Franchised Business, including, but not limited to, from the sale of all products and services, from the redemption of gift cards and all other income of every kind and nature related to the Franchised Business regardless of whether such revenue is generated at the location or elsewhere, and whether for cash, credit, barter or otherwise, and in the case of credit, regardless of collection. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, the sale of equipment or furnishings used in the operation of the Franchised Business in the ordinary course of business, or any sales taxes or other taxes collected from customers and paid directly to the appropriate taxing authority.

ITEM 7

YOUR ESTIMATED INITIAL INVESTMENT

Expense	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee	$40,000 - $45,000	Lump Sum.	Upon signing Franchise Agreement.	Us

Expense	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Professional Fees	$7,500 - $20,000	As Incurred.	As Incurred.	Third-party architects, lawyers, and accountants that you choose and retain.
Rent and Security Deposit (See Note 1)	$20,000 - $40,000	As Arranged.	As Arranged.	Landlord
Insurance (First 3 Months) (See Note 2)	$750 - $1,800	As Agreed.	As Arranged.	Insurance companies
Utilities (First 3 Months)	$1,200 - $2,000	As Agreed.	As Arranged.	Utility companies
Software (First 3 Months) (See Note 3)	$1,300 - $1,500	As Agreed.	As Arranged.	Us and designated third parties as well as third parties you choose.
Leasehold Improvements (See Note 4)	$40,000 - $120,000	As Arranged.	As Arranged.	Contractors you choose.
Furniture, Fixtures and Equipment (See Note 5)	$65,800 - $82,700	As Arranged.	As Arranged.	Approved suppliers.
Treatment Room Supplies (See Note 6)	$17,000 - $22,000	As Incurred.	As Arranged.	Approved suppliers.
Hardware Technology Expense (See Note 3)	$4,500 - $5,500	As Incurred.	As Arranged.	Approved suppliers.
Marketing Supplies	$2,500 - $2,500	As Incurred.	As Arranged.	Approved suppliers.
Signage	$9,300 - $10,000	As Incurred.	As Arranged.	Approved suppliers.

Expense	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Training Expense (See Note 7)	$28,000 - $40,500	As Incurred.	Before Opening.	Us and third parties you choose.
Grand Opening Advertising	$36,000 - $36,000	As Incurred.	As Incurred.	Third Parties
Additional Funds for First 3 Months of Operations (See Note 8)	$25,000 - $30,000	As Agreed.	As Incurred.	Various
Total	**$298,850 - $459,500**			

Notes:

Note 1. You will purchase or lease real estate for the operation of the Franchised Business. The estimates in the chart include three months of rent and a security deposit of one month's rent. The estimate assumes that you lease a space with between 1,600 to 2,000 square feet with room for 6 to 8 treatment rooms, and an annual rent of between $60,000 and $120,000. Lease costs will vary based on square footage, cost per square foot, location, length of lease, age of the leased property, local market conditions, zoning, and the size of the premises. If you are required by the terms of your lease to pay rent during the period prior to opening (other than a security deposit) your costs may be higher. You should consult a real estate professional in your geographic area before purchasing a franchise.

Note 2. The estimated cost of annual premiums for the policies required by the Franchise Agreement will vary significantly based on your location, and the claims experience of commercial businesses in the area, as well as your claims experience in other businesses you operate. The figures quoted assume deposits for one year's coverage.

Note 3. The Software line in this chart states estimates for the costs you will incur to set up the software programs you are required to use in the operation of the Franchised Business and the monthly subscription costs you will incur during your first three months of operation. The Initial Technology Expense line estimates the cost of the hardware you will need to purchase prior to opening the Franchised Business, such as the front desk computer, Boulevard duos for each room, sound equipment for each room, iPads for each room, and other hardware costs. See Item 11 for more information about computer hardware and software requirements.

Note 4. The cost of leasehold improvements will depend on the condition and size of the site, the local cost of contract work, and the location of the Franchised Business. The figures in the charts represent the estimated cost of hiring an architect to conform standard plans to the layout of the Franchised Business, and to engage a general contractor to adapt the Franchised Business to meet our standards. They include remodeling walls, ceilings, floors, and other renovations, including the purchase and installation of signage and HVAC systems, and electrical and carpentry work. This estimate does not include new construction.

Note 5. The figures in the chart represent estimated purchase costs of fixtures and furniture, including tables, chairs, and office furniture needed for a location with 6 to 8 rooms. They also include the estimated purchase cost of equipment, such as treatment room skincare supplies and furniture. The furniture, fixtures and equipment will vary depending on the size and capacity of the Franchised Business.

Note 6. This estimate is based on your Franchised Business having 6 to 8 rooms. Opening inventory of products and supplies will vary based on your expected volume of business, the size of your Franchised Business, and the size of any storage areas in the Franchised Business.

Note 7. There is no fee for the initial training provided to you and your management-level employees. The training fee for your aestheticians is $2,500 per aesthetician. We anticipate that you will need to have four to six aestheticians employed and trained at the time you open the Franchised Business. These estimates include the training fees for those aestheticians, as well as estimated pre-opening salaries of six to eight employees during our two-week training program and the costs of travel, lodging and meals for you and your employees during the various trainings that takes place away from your protected territory. See Item 11 of this disclosure document for more information about our training program.

Note 8. We consider the initial phase of your business to be the first three months. These amounts are the minimum recommended levels to cover operating expenses, including employee salaries for the first 3 months. However, we cannot guarantee that this amount will be sufficient. Additional working capital may be required if sales are low or fixed costs are high.

* * *

We have prepared these estimates based on our experience opening seven The Only Facial businesses. The payments described above that are payable to us are not refundable. Whether or not amounts that you pay to third parties are refundable depends on the terms of the agreements you have with those third parties. Except as expressly indicated otherwise in the charts above, these estimates describe your initial cash investment up to the opening of your Franchised Business. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stage of your Franchised Business, the actual duration of which will vary materially from store to store and cannot be predicted by us for your Franchised Business (and which may extend for longer than the three month "initial phase" described in Note 8 of the above charts). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Business, which in turn will depend upon factors such as the demographics and economic conditions in the area in which your Franchised Business is located, the presence of other The Only Facial locations or public awareness of our The Only Facial and Proprietary Marks within the general vicinity of your Franchised Business, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All products used at the Franchised Business, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Franchised Business, must meet our standards and specifications as set out in the Manuals or otherwise in writing. You must purchase all products and equipment used at the Franchised Business for which we have established standards or specifications, and you may be required to purchase those items, or other services, from suppliers (including manufacturers, distributors and other sources) who have been approved by us. We, or an affiliate of ours, may be an approved, designated or exclusive supplier of some items. In determining whether to designate a supplier as an approved supplier, we consider whether they have the ability to meet our standards and specifications, possess adequate quality controls and have capacity to supply your needs promptly and reliably. There may be only one approved supplier for certain items or services.

If you desire to purchase products from a party other than an approved supplier, you must submit to us a written request to approve the proposed supplier, together with evidence of conformity with our specifications as we may require. If you request that we consider an alternative supplier, product or service, you must pay us a fee. The fee will be the greater of $500 or the amount we incur to conduct the evaluation and testing of the proposed supplier, product or service. We will use our best efforts to notify you of our approval or disapproval of the proposed supplier, product or service within 30 days after our receipt of your completed request and completion of all required evaluation and testing, though we are not obligated to provide you with notice within that timeframe. Approval will not be unreasonably withheld. You may not use any products of the proposed supplier until our written approval of the proposed supplier is received. We may at any time revoke our approval of particular products or suppliers if we determine, in our sole discretion, that such products or suppliers no longer meet our standards.

We currently have specifications for, or require you to purchase, certain products that are used in the Franchised Business and services from designated suppliers. These include all equipment and products, such as serums and peels, used in the treatment rooms; certain items associated with your Franchised Business's sound system; most aspects of your computer system, including the POS system, phones, music service; smallwares; cleaning supplies; front desk items; and décor items. Some of these items are provided by MSW Store Rollout Services, the vendor we have designated to provide you with certain supplies and services required for your Franchised Business to be approved to open. Other items must be purchased from common retailers such as Amazon and ProShop. We require you to purchase such items and services from our designated suppliers in order to assure the uniform quality, experience and image associated with The Only Facial businesses. In addition, we require you to receive certain types of services from designated providers. These currently include certain training services, a management system for certain documents related to your Franchised Business and its location, email services, payroll services and other employment-related services.

The products we use in the facials we provide, and that your Franchised Business will provide, are proprietary and confidential. The use of these products in the provision of our services are included among our trade secrets. We may develop additional trade secrets in the future.

We are not required to make our standards and specifications for formulas, including the proprietary or trade secret products that we, in our sole discretion, consider confidential, available to you or prospective suppliers.

None of the $4,186,463 in total revenue that we generated in our last fiscal year was the result of franchisee required purchases or leases. In the future, we may negotiate purchase arrangements with some or all of the approved or designated suppliers and we may receive money or other benefits from approved or designated suppliers as a result of your purchases. None of our officers have an interest in any of our approved suppliers.

All advertising, including internet advertising, must meet our specifications as set forth in the Manuals. You must submit all proposed advertising to us for our approval before use. You may not use any advertising not prepared or previously approved by us within the preceding six months. On written notice from us, you must immediately discontinue use of any unapproved, or approved and subsequently disapproved, advertising materials.

You must obtain before opening the Franchised Business, and maintain in full force and effect at all times during the term of the Franchise Agreement, at your expense, insurance policies protecting you, us, and your and our respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense arising or occurring in connection with the Franchised Business. Currently you must maintain the following coverages, at a minimum:

1. Comprehensive General Liability coverage against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your business containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate (unless greater amounts are required by your landlord, local governmental authority, etc.), with a maximum deductible of $1,000 per occurrence. Coverage must be written on occurrence form and name the franchisor as additional insured with a waiver of subrogation.

2. Professional Liability coverage in the amount of $1,000,000 per occurrence and $2,000,000 in the aggregate. This policy must cover all services provided with no exclusions for the services offered. Maximum deductible of $10,000.

3. Workers' Compensation coverage in accordance with the laws of the state where the location is located.

4. Employment Practices Liability Insurance coverage that includes, but is not limited to: wrongful termination, discrimination (age, sex, race, disability, etc.), sexual harassment, wrongful discipline, failure to employ or promote, and other employment-related allegations, with limits not less than $100,000 annual aggregate with a maximum deductible of $25,000. Third party coverage is recommended.

5. A standard "Special Risk" policy of property insurance protecting against all risk of physical loss or damage, including without limitation, coverage in amounts not less than the actual replacement cost, covering all of franchisee's merchandise, trade fixtures, furnishing, wall

covering, floor covering, carpeting, drapes, equipment and all items of personal property.

These policies must be written by a responsible carrier or carriers acceptable to us and must name us as an additional insured, and must provide at least the types and minimum amounts of coverage specified in the Manuals.

If you should fail to obtain or maintain the insurance required by the Franchise Agreement for any reason, we have the right and authority (without, however, any obligation to do so) to procure the insurance. If we do so, you must pay the full premium paid, plus an administrative surcharge of ten percent (10%).

As of the date of this disclosure document, there are no purchasing or distribution cooperatives. We do not provide material benefits to you based on your purchase of particular products or services or your use of designated or approved suppliers but we may terminate your Franchise Agreement if you purchase from unapproved sources in violation of your Franchise Agreement.

We estimate that eighty-five percent (85%) of your expenditures for leases and purchases in establishing your Franchised Business and on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	**Section in Agreement**	**Disclosure Document Item**
a. Site Election and Acquisition/Lease	1.2 - 1.3, 5 and Exhibit B	Items 8 and 11
b. Pre-opening Purchases/Leases	1.3, 7.3 - 7.6	Items 5, 6, 7, 8 and 11
c. Site Development and Other Pre-opening Requirements	5, and Exhibit B	Items 6, 7 and 11
d. Initial and Ongoing Training	6	Items 6, 7, 8 and 11
e. Opening	5 and 7	Item 11
f. Fees	2.2(i), 4, 12.4, and 14.3(i)	Items 5 and 6
g. Compliance with Standards and Policies/Operating Manuals	7.3 - 7.4, and 9	Items 11 and 14
h. Trademarks and Proprietary Information	8 and 10	Items 13 and 14
i. Restrictions on Products/Services Offered	7.2 - 7.5, and 7.7	Items 8 and 16

j. Warranty and Customer Service Requirements	Not Applicable	Item 8
k. Territorial Development and Sales Quotas	1.4	Item 12
l. Ongoing Product/Service Purchases	7.5	Items 6 and 8
m. Maintenance, Appearance and Remodeling Requirements	2.2(b), 7.11 and 7.13	Items 8 and 11
n. Insurance	13	Items 7 and 8
o. Advertising	7.9, 12	Items 6, 8, and 11
p. Indemnification	20.3	Item 6
q. Owner's Participation/Management/Staffing	7.7 and 17.1	Items 1, 11, and 15
r. Records and Reports	11	Item 6
s. Inspections and Audits	7.8, 7.10 and 11.5	Items 6, 8, and 11
t. Transfer	14	Items 6 and 17
u. Renewal	2.2	Items 6 and 17
v. Post-termination Obligations	16 and 17.3	Items 6 and 17
w. Non-competition Covenants	10.2 and 17.3	Item 17
x. Dispute Resolution	25	Items 6 and 17

ITEM 10

FINANCING

Neither we nor our affiliates or agents offer you, directly or indirectly, any financing arrangement, including loans, guarantees, leases and installment contracts.

ITEM 11

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

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

Pre-Opening Obligations

Before the Franchised Business opens, we will provide the following to you:

1. Such site selection guidelines and consultation as we deem advisable if you do not have an approved location prior to signing the Franchise Agreement and sign a site selection addendum (Franchise Agreement, Exhibit B, Paragraph 5);

2. Such on-site evaluations as we deem advisable as part of our evaluation of your request for site approval if you do not have an approved location prior to signing the Franchise Agreement and sign a site selection addendum. Sites will be evaluated based on their visibility, condition, proximity to sufficient residential housing, parking, traffic volume, and size among other factors. We will not provide on-site evaluations for any proposed site before our receipt of the information or materials required by the Franchise Agreement. If an on-site evaluation is deemed necessary and appropriate by us, we will conduct one on-site evaluation at our expense. For each additional on-site evaluation (if any), you must reimburse us for our reasonable expenses, including the costs of travel, lodging and meals. We are not required to approve your site within a certain period of time; however, we prefer to approve or reject a proposed site within seven days of receiving all necessary information (Franchise Agreement, Exhibit B, Paragraph 5). Once we have approved your site, you have 30 days to submit a copy of the proposed lease for our approval. You must give us a copy of the signed lease within 10 days after you have signed it (Franchise Agreement, Section 1.3);

3. Standard architectural plans for the Franchised Business, including exterior and interior design and layout. However, it is your responsibility to make sure that your approved location also conforms to local ordinances and building codes and that you obtain any required permits (Franchise Agreement, Section 3.1);

4. Specifications for fixtures, furnishings and signs. However, it is your responsibility to make sure that your approved location also conforms to local ordinances and building codes and that you obtain any required permits (Franchise Agreement, Section 3.1);

5. Initial training for you and your managers, as further described below. Apart from these pre-opening training programs, and the training we may require your aestheticians to complete regarding our methods and procedures for providing facials, we are not required to help train your employees and will not assist you in hiring employees (Franchise Agreement, Sections 3.2 and 6);

6. We will provide two (2) representative(s) to provide such on-site, pre-opening and opening assistance as we deem appropriate in our sole discretion (Franchise Agreement, Section 3.3);

7. We will make available to you advertising and promotional materials at your expense (Franchise Agreement, Sections 3.5 and 12);

8. We will make our Manuals available to you through a password protected website, or such other method we designate (Franchise Agreement, Sections 3.6 and 9);

9. We or our affiliate will make available to you for sale, or designate or approve other suppliers who shall make available to you for sale, products, and supplies as we designate in the Manuals or in writing (Franchise Agreement, Section 3.7); and

10. We will install your Franchised Business's POS system, its sound system, Ring cameras and the system used at its front desk (Franchise Agreement, Section 8.4).

Continuing Obligations

After the Franchised Business opens, we will provide the following to you:

1. Advice and assistance on the proper implementation of the System, bookkeeping, accounting, inventory and the operation of the Franchised Business, including the resolution of operational problems, upon your reasonable request or when we deem appropriate in our sole discretion (Franchise Agreement, Section 3.4);

2. A list of prices that you may charge for the services your Franchised Business provides (Franchise Agreement Section 7.15);

3. Periodic visits to and inspections of your location to evaluate the performance of the Franchised Business (Franchise Agreement, Section 7.8);.

4. Development and improvement of the System and modifications and additions to the Manuals as we deem appropriate to reflect changes in the business, products and service changes, required or recommended promotions, and other products or services, or specifications for authorized products and services, equipment requirements, quality standards, and operating procedures (Franchise Agreement, Section 9);

5. Advertising and promotional materials at your expense, and approval or disapproval of all advertising, signage, written communications, and promotional plans and other materials displaying our Proprietary Marks which we have not prepared or previously approved (Franchise Agreement, Sections 3.5 and 12); and

6. Designation or approval of suppliers who will make available to you for sale products, supplies, materials, and other products and equipment used or offered for sale at the Franchised Business (Franchise Agreement, Section 7.5).

Franchised Business Location and Lease

You must operate the Franchised Business only at the location approved by us ("Approved Location"). You may not relocate the Franchised Business without our prior written approval, which we may withhold in our sole discretion (Franchise Agreement, Section 1.2).

If you have an Approved Location at the time you sign the Franchise Agreement, you must begin operation of the Franchised Business within 180 days after the date of the Franchise Agreement. If you do not have an Approved Location when you sign the Franchise Agreement, you must sign the Site Selection Addendum attached to the Franchise Agreement as **Exhibit B** and begin operation of the Franchised Business within 180 days after obtaining our approval of an Approved Location (Franchise Agreement, Section 5.3).

If you sign the Site Selection Addendum, you must, at your expense, lease or acquire an Approved Location within 90 days of the date of the Franchise Agreement within the Site Selection Territory specified in the Site Selection Addendum (Franchise Agreement, Section 1.2). If you fail to obtain an Approved Location within 90 days after signing the Franchise Agreement or to open the Franchised Business within twelve months after signing the Franchise Agreement, we can terminate the Franchise Agreement. Under the terms of the Site Selection Addendum, you must submit your proposed site to us for approval within 60 days of signing the Franchise Agreement in the manner and form specified in the Franchise Agreement, and we will notify you in writing of our approval or disapproval of your proposed site within 30 days. When we review a proposed site, we will consider such factors as zoning and approval from appropriate agencies, noise restrictions, size, layout, and lease terms (Franchise Agreement, Exhibit B).

We will provide site selection guidelines and consultation that we deem advisable. We will conduct one on-site evaluation, as we deem necessary and appropriate and at our expense. For each additional on-site evaluation (if any), you must reimburse us for our expenses, including costs of travel, lodging and meals. Our approval of your proposed site will depend on the factors listed above (Franchise Agreement, Exhibit B).

Length of Time to Open Franchised Business

We expect The Only Facial to open six months after the Franchise Agreement is signed or the location is approved. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to obtain necessary financing, to obtain permits and licenses necessary to construct and operate the Franchised Business, to complete construction or remodeling (as it may be affected by other conditions, shortages, delivery schedules and other similar factors) to complete landscaping and to complete required training, as described below.

Advertising

We do not have a brand fund and we have no obligation to spend any revenue on advertising the brand, your Franchised Business, or any other The Only Facial business.

You must spend at least $15,000.00 prior to opening, and $7,000 per month during the first three months your Franchised Business is operating, on an initial, grand opening local advertising, marketing, and promotional program in the form and manner prescribed by us in the Manuals or otherwise in writing (Franchise Agreement, Section 12.1).

During the remainder of the term of the Franchise Agreement, you shall expend, on a monthly basis, at least an amount equal to the greater of two percent (2%) of the Gross Sales from the previous month, or $3,500, on local marketing, advertising, and promotion. All local marketing, advertising, and promotion shall be conducted in such manner as we may, in our sole discretion, direct in the Manuals or otherwise in writing. We have the right to require that you provide us with proof that the minimum amounts have been spent each month. If you fail to spend the required minimum amount in a given month, we may require you to pay to us the difference between the required minimum amount and the actual amount spent (Franchise Agreement, Section 12.2).

All advertising and promotion by you (including any design, advertisement, sign, or form of publicity) such as through social media, television, print media, radio, and local promotional events, must be in the media and of a type and format we approve. All of your advertising and promotion must be conducted in a dignified manner, must be conducted consistent with all applicable laws and must conform to the standards and requirements as we may specify. You must not use any advertising or promotional plans or materials unless and until you have received written approval from us (Franchise Agreement, Section 12.4). Our written approval only indicates the advertising conforms to our standards. It does not indicate that the advertising complies with applicable law. You may not advertise or promote the Franchised Business using the internet, including through the use of social media accounts or websites, unless we expressly permit you to do so and then only in strict compliance with the standards and processes set out in the Manuals.

You must submit to us for our prior approval samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including social media sites and other online media, if permitted) that you wish to use and that we have not prepared or previously approved within the preceding 6 months. You must not use these plans or materials until they have been approved in writing by us. If you do not receive written notice of approval from us within 15 days of the date of our receipt of these samples or materials, we will be deemed to have disapproved them (Franchise Agreement, Section 12.5).

We may make available to you periodically, at your expense, approved advertising and promotional materials, including merchandising materials, point-of-purchase materials, and materials for special promotions (Franchise Agreement, Section 12.4).

You must participate in our gift certificate program, consistent with the standards prescribed by us in the Manuals or otherwise in writing from time to time. Your participation may include, but is not limited to, selling and offering for sale gift certificates, enclosed in gift boxes, which may be redeemed at any The Only Facial business for services specified in the certificates; permitting customers in possession of gift certificates purchased from the Franchised Business, another The Only Facial business or Franchisor to redeem their gift certificates at the Franchised Business; and participating in Franchisor's customer complaint program, which may require you to offer free gift certificates, at your expense, to customers that express complaints about the service they received at the Franchised Business. You will be required to pay over to us all revenue you receive from the sale of gift certificates. When a gift certificate is redeemed at the Franchised Business, the redeemed amount will be included in your Gross Sales. In addition to the Royalty Fee charged on those Gross Sales, you will owe us an amount equal to 10% of the amount redeemed to cover the costs we incur to conduct and manage the gift certificate program (Franchise Agreement, Section 7.3(g)). Except as set out below, neither we, nor any third party, will charge you any other fee to obtain gift certificates or gift boxes. Annually, prior to the holiday season, we will send you an allotment of Holiday Gift Boxes that will contain gift certificates at no cost to you. However, if you wish to purchase more Holiday Gift Boxes than are included in your allotment, you will be required to pay our then-current fee for those extra holiday gift boxes. Currently that fee is $5 per extra Holiday Gift Box.

In addition to the gift certificate program, you must participate in any other promotional programs we establish, including programs involving the use and acceptance of coupons.

Advertising Cooperative

We have the right, in our discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative has been established in an area encompassing the Franchised Business's location before you open the Franchised Business, you must become a member of the Cooperative no later than 30 days after opening the Franchised Business. If a Cooperative is established after you open the Franchised Business, you must become a member of the Cooperative no later than 30 days after the date on which the Cooperative begins operation. If the Franchised Business is within the territory of more than one Cooperative, you will not be required to be a member of more than one Cooperative within that territory (Franchise Agreement, Section 12.8).

We will administer any Cooperative created. Each Cooperative will be organized for the exclusive purpose of administering local and/or regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our approval. Each Cooperative will have the right to require its members to make contributions to the Cooperative in an amount determined by the Cooperative, up to a maximum of 2% (Two Percent) of Gross Sales during any calendar year, unless two-thirds of the members of the Cooperative vote in favor of a greater contribution. Any payments you make to the Cooperative will be credited towards your required local advertising expenditure. If a The Only Facial business operated by an affiliate of ours is included in the geographic area of a Cooperative, that affiliate-owned location will contribute to the Cooperative at the same rate that the Cooperative's franchised locations contribute.

We will make available to the members of each Cooperative unaudited statements showing the Cooperative's financial activities annually. We will have the power to require the Cooperative to be formed, changed, dissolved, or merged.

Advertising Council

There is presently no advertising council composed of franchisees that advises us on advertising policies.

Website

You may not establish a separate Website for the Franchised Business unless approved by us. However, we have the right to require that you have one or more references or webpage(s), as designated and approved by us in advance, within our principal Website (currently, www.theonlyfacial.com). The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including any account, page, or other presence on a social or business networking media site, such as Facebook, X (f/k/a Twitter), LinkedIn, and online blogs and forums ("Networking Media Sites"). We have the right to require that you not have any Website other than the webpage(s), if any, made available on our principal Website (Franchise Agreement, Section 8.8).

Computer System

You must purchase and use the computer/point of sale system that we specify. Currently, the system is provided by Boulevard and consists of a computer and related hardware, cash drawers, card swipes, finger print sensors, credit card modems, caller ID, iPad, Boulevard Duo, printers, Treatment Room computers, proprietary software, and other hardware and software we specify.

We estimate that your cost to purchase the computer system and software is between $5,800 and $7,000 depending on the size of the Franchised Business. Designated hardware is available from numerous manufacturers, and may be purchased from any source.

You will also pay a Technology Fee to us for technology services we provide to you for use in the Franchised Business. These services include your phone system, certain training programs, two email addresses, maintenance of the brand's website, online management system for documents related to the Franchised Business and its location, and certain services used in the onboarding of aestheticians.

We have no proprietary interest in the software, and we are unaware of competing software which may perform the same functions. Support and upgrades may be provided by the software provider, but we do not require or offer upgrades or maintenance services. We estimate your cost for support services from the software provider will be about $500 per year, subject to future increases. We are not obligated to maintain, upgrade or update your computer system. You must maintain, upgrade, and update the computer system as we require and the Franchise Agreement does not restrict the frequency or expense of upgrades and maintenance. We estimate that the annual costs of maintaining, upgrading and updating your computer system will be between $500 to $1,000.

We will have independent access to the business data only (customer data base, POS, sales, inventory, COGS) which is stored in your computer system. There are no contractual limitations on our right to access this information. You must have DSL with a static IP address to enable us to access this information.

Operations Manual

The table of contents of our Manual as of the date of this disclosure document is attached as **Exhibit B**. The Manual currently has 150 pages.

Initial Training Program

TRAINING PROGRAM

Subject	**Hours of Classroom Training**	**Hours of Practical Training (on the Job)**	**Location**
Site Selection and Build-Out Support	4	0	Virtual
Store Operations Training	0	24	Headquarters
Store Activation	12	10	Virtual
Aesthetic Training	8	24	Online and Headquarters
Reception Training	2	18	Online and Headquarters
Marketing & Branding	10	0	Virtual

Subject	Hours of Classroom Training	Hours of Practical Training (on the Job)	Location
Financial Tools & Support	2	0	Virtual
Additional Support	12	0	Virtual
Total	50	76	

The table above is a summary of the subjects covered in our initial training program for franchisees and an estimate of the number of hours of classroom and on the job training allocated to the initial training program.

You, your manager and all aestheticians who will provide services at the Franchised Business must successfully complete initial training programs. Our initial training program for franchisees consists of approximately two weeks of training. If the Franchised Business is the first The Only Facial business you are developing and operating, the first week will be at the location of the Franchised Business and the second week will be at our headquarters and/or at an affiliate-owned Franchised Business in St. Louis, Missouri or any other place we designate. If you already own, or operate, a The Only Facial business, all training will take place at our headquarters and/or at an affiliate-owned Franchised Business in St. Louis, Missouri or any other place we designate.

There is a minimum of one training class per month for you and each aesthetician employed by the Franchised Business. The instructional materials used in the initial training program consist of our Manuals and other operational materials used in franchised businesses. We charge $2,500 per person for tuition for training-related materials in connection with our initial training program, and you are also responsible for all training-related expenses incurred by all persons who attend training including costs of travel, lodging, meals, and wages.

Our training program is conducted by Jill Alaimo, who has served as our Director of Training since January 2017.

Our initial training program may change due to updates in materials, methods, manuals, and personnel, or other reasons, without advance notice to you. The subjects and time periods allocated to the subjects actually taught to a particular franchisee and its personnel may vary based on the experience of those persons being trained.

Your manager must also successfully complete our manager training which will be provided by our Director of Client Experience and a manager from a The Only Facial location operated by one of our affiliates.

Additional Training

You, your managers, and other employees shall also attend such additional courses, seminars and other training programs as we may reasonably require from time to time.

At your request, we will provide advice and assistance on the proper implementation of The Only Facial and operation of your Franchised Business. We may impose reasonable fees for these services. Other than as described above, we do not provide any other mandatory or optional training courses.

ITEM 12

TERRITORY

If you do not already have a location when you sign your Franchise Agreement, you must purchase or lease a site for your Franchised Business. Although you are solely responsible for locating the site for your Franchised Business, the location is subject to our written approval. Our approval will be based upon a variety of factors which may include demographics including, number of households, household income, and vehicular traffic near the proposed location. You may not relocate the Franchised Business to any other location without our prior written consent. If we approve any relocation of your Franchised Business, you must de-identify the former location. If you have an Approved Location when you sign the Franchise Agreement, you must begin operations of your Franchised Business within 180 days after you sign your Franchise Agreement. If you do not have an Approved Location when you sign the Franchise Agreement, you must sign our standard Site Selection Addendum. Under the Site Selection Addendum, you must acquire a location within 90 days after you sign your Franchise Agreement and begin operations of your Franchised Business within 180 days after obtaining our approval of an Approved Location.

You and your landlord must sign a Conditional Assignment of Lease in the form attached as **Exhibit G** to your Franchise Agreement, which provides that we may assume the lease if you default under your lease or your Franchise Agreement.

You will receive a territory assigned by us, which will be described in **Exhibit A** of your Franchise Agreement ("Territory"). Your Territory will be determined by us in our sole discretion as we consider appropriate under the circumstances, and will generally be a geographic area described by attaching a map, or by reference to streets, natural boundaries or zip codes. We may permit you to operate a temporary cart or kiosk at a temporary location in your Territory used for fundraising and other special events.

You will not receive an exclusive territory as you may face competition from other franchisees, from outlets that we own, from other channels of distribution we use or competitive brands we control as described below. We, and other franchisees, may promote and advertise other The Only Facials in your Territory. However, during the term of your Franchise Agreement, as long as you are not in default of the Franchise Agreement, we will not open or operate, or license others to own or operate, a The Only Facial in your Territory.

We reserve all rights inside and outside the Territory except those we expressly grant in the Franchise Agreement, including the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (a) operate, and grant to others the right to operate The Only Facial businesses outside the Territory at such locations and on such terms and conditions as they deem appropriate; (b) develop, merchandise, offer, sell, and license others to sell products or services under the Proprietary Marks through other channels and methods of distribution including wholesale, retail stores, grocery stores, online, print catalogues, direct marketing media and any other outlets, and promote and sell products or services bearing, or under, the Proprietary Marks at special events, through temporary locations and mobile units; (c) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), including with skin-care businesses located anywhere or conducting business anywhere, which transactions may include arrangements involving competing businesses or outlets, dual branding or brand conversions; and (d) sell themselves, their assets, the Proprietary Marks, their systems and/or the System to a third party, go public, engage in a private placement of some or all of their securities, merge, acquire other corporations or entities, or be acquired by another corporation or entity, and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Unless expressly permitted by us, you may deliver products produced at your Franchised Business only within your Territory. You may not operate a temporary cart or kiosk at any location within your Territory without our consent. No vending, game, audio, video, internet, other coin or currency-operated machines, or any service, product or entertainment machine of any kind are permitted in your Franchised Business without our prior written consent.

Under the Franchise Agreement, continuation of your location rights does not depend upon the volume of sales generated nor your penetration of the market potential. You do not have the right to acquire additional franchises, although you may apply for the right to operate additional Franchised Businesses pursuant to separate franchise agreements. We do not currently have any plans for any other concepts to be operated under trademarks other than the Proprietary Marks.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, you will be granted the right to establish and operate a The Only Facial under the primary Proprietary Marks, including "The Only Facial" and such other trademarks, trade names, and service marks as we may designate as part of the System. The following marks are registered on the Principal Register of the United States Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
THE ONLY FACIAL	7,343,787	April 2, 2024
BEAUTIFUL SKIN MADE SIMPLE	7,343,789	April 2, 2024

We have filed all required affidavits for the Proprietary Marks listed in the table above.

The primary Proprietary Marks also include our logo.

We do not yet have a federal registration for this logo or our other Proprietary Marks not shown in the table above. Therefore, those trademarks do not have the legal benefits and rights of a federally registered trademark. If our right to use one of those trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding, or any pending material federal or state litigation involving the Proprietary Marks.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to the franchise. We know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks.

You may use the Proprietary Marks only for the purpose of operating and advertising the Franchised Business, in accordance with our standards. You may not use the Proprietary Marks in your corporate name, and every use of the "The Only Facial" mark as a service mark or trade name or other identifier of the Franchised Business must be in conjunction with the suffix or other words or phrases more specifically identifying the Franchised Business in the exact format that we prescribe. You must comply with our requirements and all requirements imposed by the jurisdiction in which you operate the Franchised Business concerning fictitious name usage.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, the cost of your defense, including the cost of any judgment or settlement, will be borne by us. However, if we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, the cost of your defense, including the cost of any judgment or settlement, will be your responsibility. In any litigation relating to your use of the Proprietary Marks, you must sign all documents and do such acts as we may require to effectively carry out your defense or prosecution, including becoming a nominal party to any legal action. We will reimburse you for your out-of-pocket expenses for these acts, except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement.

We may designate new, modified or replacement marks for your use, and require you, at your own expense, to use them in addition to or instead of any of the previously designated Proprietary Marks. These requirements may include, among things, conducting business under a different trade name.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents are material to the franchise we are offering.

We claim copyrights in the Operations Manual, advertising material and related items used in operating the System. Although we have not filed an application for a copyright registration for those items, we claim copyright and the information is proprietary. We are not obligated to take any action to protect our copyrighted materials but will respond to any challenges as we think appropriate.

There currently are no effective determinations of the United States Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of the copyrighted materials. If there would be any copyright litigation regarding our copyrighted materials, we will control the litigation. This is independent of whether you modify or discontinue using the subject matter of the copyright. We may at any time require you to stop using any copyrighted materials and you will be required to do so. We are not required by the Franchise Agreement to participate in your defense or indemnify you for expenses or damages in a proceeding involving a copyright licensed to you. If copyrighted materials are discontinued or modified during the term of the Franchise Agreement you must stop using the discontinued or modified copyrighted materials.

The Manuals and other materials we provide to you contain our confidential and proprietary information. References in this disclosure document to the "Manuals" includes all updates, supplements, bulletins, etc., in any form including without limitation, written or electronic form, all of which may be modified from time to time. Certain information about the operation of the Franchised Business including the standards, methods, procedures and specifications of the System, including the contents of the Manuals, is derived from information we disclose to you and all that information is of a proprietary and confidential nature and our trade secrets ("Confidential Information"). You (if you are an individual) and each of your owners, officers, directors, members, partners, managers, employees and agents (if you are an entity) must maintain the absolute confidentiality of all Confidential Information both during the term of your Franchise Agreement and after its termination or expiration or the sale of your interests in the Franchised Business. You may use the Confidential Information only to the extent necessary to operate the Franchised Business. You cannot disclose that Confidential Information for any reason, except to your owners, officers, directors, members, partners, managers, employees and agents and only to the extent necessary for the operation of the Franchised Business. You must sign, and shall cause all persons receiving the Confidential Information to sign, the Confidentiality Agreement included in the Franchise Agreement attached as **Exhibit C**. You cannot use any Confidential Information in any other business or in any other manner or obtain any benefit from it not specifically approved in writing by us during the term of your Franchise Agreement or afterwards. You may not use our Confidential Information in an unauthorized manner and must take all reasonable steps to prevent its disclosure to those not expressly authorized to have it. You must promptly tell us when you learn about any unauthorized use or disclosure of our Confidential Information.

ITEM 15

OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You, or a manager you hire who has successfully completed our manager training program, must personally oversee the day-to-day operation of the Franchised Business. Your manager will be bound by certain provisions of the Franchise Agreement, including the confidentiality and non-compete provisions. Your manager need not have an equity interest in the franchise.

If you are a legal entity, your owner(s) must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, including monetary or non-monetary obligations and specifically including the covenant not to compete. The guarantee is included in the Franchise Agreement attached as **Exhibit F**.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell all services that we designate for sale and only those services and products that we authorize for sale. We have the right to change the services and products that you must offer for sale.

We have the right to specify in the Manuals or otherwise in writing certain third parties that may be designated suppliers for specified products, materials, supplies, paper goods, fixtures, furnishings and equipment used or sold at the Franchised Business. You must purchase these items from those suppliers designated by us in order to assure the uniform quality and image associated with the Franchised Business.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise Term	2.1	Five years.

Provision	Section in Franchise Agreement	Summary
b. Renewal or Extension of the Term	2.2	You have the right to renew for three (3) additional five-year term(s) if certain conditions are met.
c. Requirements for Franchisee to Renew or Extend	2.2	Conditions include timely delivery of written notice of your election to renew; completion of all maintenance, refurbishing, renovating and remodeling of the Franchised Business and all of the equipment, fixtures, furnishings, interior and exterior signage as we require so that the Franchised Business reflects the then-current image of a The Only Facial; your compliance with the Franchise Agreement and substantial compliance with the terms of the Franchise Agreement during the term; your satisfaction of all monetary obligations that you owe to us and our affiliates; satisfaction of all monies owed to trade creditors; your ability to remain in possession of the Franchised Business premises for the duration of the renewal term; your execution of our then-current form of franchise agreement, which may have materially different terms and conditions than your initial Franchise Agreement; your execution (and your principals' execution) of a full and general release; your compliance with our then-current qualification and training requirements.
d. Termination by Franchisee	Not Applicable	Not Applicable
e. Termination by Franchisor Without Cause	Not Applicable	Not Applicable
f. Termination by Franchisor With Cause	15.1, 15.2, and 15.3	We can terminate the Franchise Agreement only if you default.

Provision	Section in Franchise Agreement	Summary
g. “Cause” Defined — Curable Defaults	15.3	We can terminate the Franchise Agreement after providing you a 30 day cure period if you: fail to maintain the cleanliness of the Franchised Business; fail to substantially comply with the Franchise Agreement; fail to pay us monies owing under the Franchise Agreement; fail to maintain and observe our standards and specifications; fail to obtain our written approval when required; violate your lease; use marks confusingly similar to the Proprietary Marks; or receive a health code violation.

Provision	Section in Franchise Agreement	Summary
h. "Cause" Defined — Non-curable Defaults	15.1 and 15.2	The Franchise Agreement will terminate without an opportunity to cure if: you become insolvent or make a general assignment for the benefit of creditors; you file a voluntary bankruptcy petition; you are adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of your receiver or other custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors is instituted by or against you; a final judgment remains unsatisfied or of record for 30 days or longer; you are dissolved; execution is levied against the Franchised Business's business or property; suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within 30 days; the real or personal property of the Franchised Business is sold after levy by any sheriff, marshal, constable or other government official; you fail to locate an approved site or open the Franchised Business within the required time limits; you fail to successfully complete the initial training program; you abandon the Franchised Business or lose your right to possession of the premises; you are convicted of a crime; you violate any non-competition covenant; you disclose any Confidential Information; you submit false reports to us; you misuse the Proprietary Marks; you refuse to permit us to inspect the Franchised Business; or you commit multiple defaults, whether or not cured. We can also terminate the Franchise Agreement if you default under another agreement with us that gives us the right to terminate that other agreement.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's Obligations on Termination/Non-renewal	16	You must stop operating the Franchised Business; refrain from holding yourself out as a present or former Your Only Facial franchisee; stop using all Confidential Information and Proprietary Marks; cancel all assumed names containing the Proprietary Marks; refrain from infringing on our Proprietary Marks; pay all sums that you owe to us and our affiliates; pay us liquidated damages; return the Manuals and all other Confidential Information; comply with the non-compete covenants; provide us a summary of your advertising and promotion schedule; offer us the option to purchase, or assume the lease for, as applicable, the Franchised Business premises and to purchase the Franchised Business's assets; assign to us all telephone numbers that you used in connection with the operation of the Franchised Business; cancel or assign to us all Internet domain names, URLs and website advertising containing or reflecting the Proprietary Marks.
j. Assignment of Contract by Franchisor	14.1	We can transfer or assign the Franchise Agreement and all or any part of its rights or obligations to any person or legal entity, and any designated assignee of ours will become solely responsible for all obligations of ours under the Franchise Agreement from the date of assignment.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by Franchisee — Defined	14.2	A "Transfer" means the voluntary, involuntary, direct or indirect assignment, sale, gift, or other transfer of any franchised interest, including, without limitation, the following events: (i) the transfer of ownership of the stock or partnership or limited liability company ownership interest of franchisee; (ii) any merger, reorganization, consolidation, or issuance of additional securities representing a direct or indirect ownership interest in franchisee or the Franchised Business; (iii) any sale of a franchised interest in franchisee in a single transaction or a related series of transactions; (iv) any transfer of a franchised interest by declaration, division, or otherwise in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (v) any transfer of a franchised interest resulting from the franchisee's death or the death of one of its owners, whether by will, declaration of or transfer in trust, or under the laws of intestate succession; (vi) any change in ownership or control of any or all of the franchised interest by sale, gift, assignment, or otherwise; (vii) any change in the trustees or the beneficial owners of the trust if franchisee or any owner is a trust; or (viii) a pledge, hypothecation, or encumbrance of any franchised interest intended as security for an obligation
l. Franchisor Approval of Transfer by Franchisee	14.2	Transfers require our prior written consent.
m. Conditions for Franchisor Approval of Transfer	14.3	You have satisfied all monetary obligations under the Franchise Agreement; you are not in default; the payment terms offered by the transferee are not excessive or unreasonable; you sign a general release; the transferee signs our then-current form of franchise agreement; the transferee is approved by us as a franchisee; and you pay us a transfer fee.

Provision	Section in Franchise Agreement	Summary
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	14.5	We can match any offer for your business by a third party.
o. Franchisor's Option to Purchase Franchisee's Business	16.4, 16.5, and 16.12	Upon the termination or expiration of the Franchise Agreement, we can require you to assign your lease and/or telephone number to us. We also have the option of purchasing the assets of the Franchised Business from you within 30 days, including equipment, furnishings, and signs.
p. Death or Disability of Franchisee	14.6	Upon the death or physical or mental incapacity of any person with an interest in the Franchise Agreement, in franchisee, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person must transfer the interest to a third party approved by us within six months, which will be subject to the same conditions as any other transfer.
q. Non-competition Covenants During the Term of the Franchise	17.2	During the term of the Franchise Agreement, you may not own or have any interest in any business that offers facials and/or skincare.
r. Non-competition Covenants After the Franchise is Terminated or Expires	17.3	For two (2) years after expiration or termination of the Franchise Agreement, within your Territory or fifteen miles of your Franchised Business or any business operating under the Proprietary Marks, you may not own or have any interest in any business that offers skin-care or facials.
s. Modification of the Agreement	23	No amendment or change to the Franchise Agreement is binding on either you or us unless mutually agreed to by the parties and signed by their authorized officers or agents in writing.

Provision	Section in Franchise Agreement	Summary
t. Integration/Merger Clause	23	The Franchise Agreement and exhibits constitute the entire, full and complete agreement between you and us concerning the subject matter of the Franchise Agreement. Nothing in the Franchise Agreement is intended to disclaim any of the representations made in this disclosure document.
u. Dispute Resolution by Arbitration or Mediation	25.3	If a dispute remains unresolved after an initial meeting, either party may initiate mediation by written notice specifying the dispute and requested relief. Mediation shall follow the AAA Commercial Mediation Procedures unless inconsistent with the agreement and must begin within 30 days of failed negotiations and conclude within 45 days unless extended. If the parties cannot agree on a mediator within 15 days, either may request AAA to appoint one. Mediation is private, nonbinding, and confidential, with costs shared equally. Participation in mediation is a condition precedent to initiating legal action, except for exempted disputes.
v. Choice of Forum	25.5	All disputes must be litigated in the Circuit Court of St. Louis County, Missouri.
w. Choice of Law	25.4	Missouri governs all disputes.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATION

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchise 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 also be given, but only if: (1) a franchisor provide the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 our Chief Operations Office, Maggie Poling, 2025 S. Brentwood Blvd., Suite 105, St. Louis, Missouri 63144 or 314-749-1437; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the end of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	1	1
	2024	1	2	1
Company-Owned	2022	1	2	1
	2023	2	4	2
	2024	3	5	2
Total Outlets	**2022**	**1**	**2**	**1**
	2023	**2**	**5**	**3**
	2024	**5**	**5**	**0**

Table No. 2
Transfers of Outlets from Franchisee to New Owners (other than the Franchisor or an Affiliate)
For Years 2022 to 2024

State	Year	Number of Transfers
Total	**2021**	**0**
	2022	**0**
	2023	**0**

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor/ Affiliate	Ceased Operations — Other Reasons	Outlets at the End of the Year
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	**2022**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**1**	**0**	**0**	**0**	**0**	**1**
	2024	**1**	**1**	**0**	**0**	**0**	**0**	**2**

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

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Missouri	2022	1	1	0	0	0	2
	2023	2	2	0	0	0	4

	2024	4	2	0	0	0	5
Total	**2022**	**1**	**1**	**0**	**0**	**0**	**2**
	2023	**2**	**1**	**0**	**0**	**0**	**3**
	2024	**3**	**2**	**0**	**0**	**0**	**5**

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchise Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Texas	0	1	0
Missouri	1	1	4
Nebraska	1	1	0
Indiana	0	1	0
Tennessee	0	1	0
Utah	0	1	0
Kansas	0	1	0
Total	**2**	**7**	**4**

Exhibit G lists the name of all current franchisees and the addresses and telephone numbers of their Franchised Businesses, as of the date of this franchise disclosure document.

Exhibit H lists the name, city and state, and current business telephone number, or if unknown, the last known home telephone number, of each franchisee whose franchise was transferred, 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. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the last three fiscal years, we have not entered into any agreements with franchisees that contain confidentiality clauses restricting their ability to communicate with you. We are not aware of any trademark-specific franchisee organizations that are associated with our franchise system.

ITEM 21

FINANCIAL STATEMENTS

Our affiliate, The Only Facial Financial LLC ("Financial") guaranties our obligations under the Franchise Agreement pursuant to the guaranty attached as part of **Exhibit A**. Financial's unaudited opening balance sheet is also attached as **Exhibit A**. Financial has not been in business for three years or more and cannot include all of the financial statements required by the Rule for the last three fiscal years.

ITEM 22

CONTRACTS

Our standard form of Franchise Agreement is attached to this disclosure document as **Exhibit C**. The agreements related to training that we require you to enter into are attached to this disclosure document as **Exhibit D**.

ITEM 23

RECEIPT

Two copies of the Receipt for this disclosure document are attached to this disclosure document as **Exhibit I**. Please return one copy to us and retain one copy for your files.

EXHIBIT A

UNAUDITED OPENING BALANCE SHEET OF OUR AFFILIATE, THE ONLY FACIAL FINANCIAL, LLC

(The balance sheet included in this Exhibit A is not audited.)

Balance Sheet

The Only Facial Financial LLC

As of October 8, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
TOF Financial Checking	50,000.00
Total for Bank Accounts	**$50,000.00**
Accounts Receivable	
Other Current Assets	
Total for Current Assets	**$50,000.00**
Fixed Assets	
Other Assets	
Total for Assets	**$50,000.00**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Credit Cards	
Other Current Liabilities	
Total for Current Liabilities	
Long-term Liabilities	
Total for Liabilities	
Equity	
Member Capital	50,000.00
Retained Earnings	
Net Income	
Total for Equity	**$50,000.00**
Total for Liabilities and Equity	**$50,000.00**

GUARANTEE OF PERFORMANCE

For value received, The Only Facial Financial LLC, a Missouri limited liability company (the "Guarantor"), located at 2025 S. Brentwood Boulevard, Suite 105, Brentwood, Missouri 63144, absolutely and unconditionally guarantees to assume the duties and obligations of The Only Facial LLC, located at 2025 S. Brentwood Boulevard, Suite 105, Brentwood, Missouri 63144 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Brentwood, Missouri on the 7th day of October, 2025.

Guarantor:

The Only Facial Financial LLC,
a Missouri limited liability company

By: Andrea M. Ehsa
Name:
Title: Managing Member

EXHIBIT B

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franchise manual

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EXHIBIT C

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into on ______________, by and between The Only Facial LLC, a Missouri limited liability company with its principal place of business at 2025 S. Brentwood Boulevard, Brentwood, Missouri 63144 ("Franchisor"), and [FRANCHISEE], an [STATE] [ENTITY], with its principal place of business at [ADDRESS] ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment, operation, and promotion of a service-based skincare company, which offers one facial that is designed to jumpstart cell turnover without any upsells, products sold, or tips allowed, and all of which may be changed, improved and further developed by Franchisor from time to time (the "System");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; uniform standards, specifications, and procedures for operations; procedures for screening, recruiting and training personnel; payroll and bookkeeping procedures and policies; training and assistance; marketing methods; and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, the name "The Only Facial", as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the "Proprietary Marks");

WHEREAS, Franchisee desires to enter into the business of operating a The Only Facial under Franchisor's System and Proprietary Marks, and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearances, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications;

NOW, THEREFORE, the parties agree as follows:

ARTICLE I. GRANT.

1.1. Grant of Franchise. Franchisor grants to Franchisee the right and Franchisee undertakes the obligation, upon the express terms and conditions set forth in this Agreement, to establish and operate a The Only Facial business under the Proprietary Marks and System (the "Franchised Business"), and to use the Proprietary Marks and the System, as they may be changed and improved from time to time at Franchisor's sole discretion, solely in connection therewith.

1.2. Approved Location. Franchisee shall operate the Franchised Business only at the location identified in **Exhibit A** (the "Approved Location"). If, at the time of execution of this Agreement, a location for the Franchised Business has not been obtained by Franchisee and approved by Franchisor, Franchisee shall lease or acquire a location within ninety (90) days after the date of this Agreement, subject to the Franchisor's approval, as provided for in the Site Selection Addendum attached hereto as **Exhibit B**. Franchisee shall not relocate the Franchised Business without the prior written approval of Franchisor. Franchisor shall have the right, in its sole discretion, to withhold approval of relocation.

1.3. **Lease.** If Franchisee will occupy the premises of the Franchised Business under a lease, Franchisee shall provide Franchisor with a copy of the proposed lease for Franchisor's review and approval within 30 days of Franchisor's approval of the Approved Location. In addition, Franchisee shall, prior to the execution thereof, execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the forms attached as **Exhibit G** to the Franchise Agreement. Franchisor's approval of the lease may be conditioned upon the inclusion of the following terms and conditions:

a) That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than five (5) years;

b) That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Franchised Business;

c) That the use of the premises be restricted solely to the operation of the Franchised Business;

d) That Franchisee be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of, modifying or renewing the lease without Franchisor's prior written consent;

e) That lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

f) That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System, or to cure any default under the Franchise Agreement or under the lease; and

g) That Franchisor (or Franchisor's designee) has the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

Franchisee shall furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

1.4 **Franchisee's Territory.** Except as otherwise provided in this Agreement, and as long as Franchisee is in compliance with its obligations under this Agreement, during the term of this Agreement Franchisor shall not establish or operate, nor license any other person to establish or operate, a The Only Facial under the System and the Proprietary Marks at any location within the territory described in **Exhibit A** (the "Franchisee's Territory").

1.5 **Franchisor's Reserved Rights.** Franchisee agrees that Franchisor, Franchisor's owners and Franchisor's subsidiaries and affiliates are not restricted from using the System or engaging in or licensing any business activity including The Only Facial businesses or any other business at any other location, except as otherwise set forth in this Article I. Except as otherwise expressly provided in this Agreement, Franchisor and all of its affiliates (and its and their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all of its and their rights with respect to the Proprietary Marks and the System anywhere in the world, and the right to engage in any business whatsoever, including the right to:

a) operate, and grant to others the right to operate The Only Facial businesses outside the Franchisee's Territory at such locations and on such terms and conditions as they deem appropriate;

b) develop, merchandise, offer, sell, and license others to sell products or services under the Proprietary Marks through other channels and methods of distribution including wholesale, retail stores, grocery stores, online, print catalogues, direct marketing media and any other outlets, and promote and sell products or services bearing, or under, the Proprietary Marks at special events, through temporary locations and mobile units;

c) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), including with skin-care businesses located anywhere or conducting business anywhere. These transactions may include arrangements involving competing businesses or outlets, dual branding or brand conversions; and

d) sell themselves, their assets, the Proprietary Marks, their systems and/or the System to a third party; go public; engage in a private placement of some or all of their securities; merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

1.6. Supplementing the System. Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor; and Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including, without limitation, offering and selling new or different products or services as specified by Franchisor.

ARTICLE II. TERM AND RENEWAL.

2.1. Term. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be five (5) years from the date first above written.

2.2. Renewal. Franchisee may, subject to the following conditions, renew the rights granted under this Agreement for up to three (3) additional consecutive term(s) of five (5) years each. Franchisor may require, in its sole discretion, that any or all of the following conditions be met prior to such renewal:

a) Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the then-current term;

b) Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the premises of the Franchised Business (the "Premises") as Franchisor may reasonably require, including, without limitation, installation of new equipment and renovation of signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System;

c) Franchisee and all of its affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates; and Franchisee and all of its affiliates shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

d) Franchisee and all of its affiliates shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates under this Agreement, and shall have timely met those obligations throughout the term of this Agreement;

e) Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term (including, without limitation, providing Franchisor a complete copy of Franchisee's lease and all exhibits and amendments thereto) or shall obtain Franchisor's approval of a new location for the Franchised Business for the duration of the renewal term;

f) Franchisee shall, at Franchisor's option, execute Franchisor's then-current form of franchise agreement (but only for such renewal terms as are provided by this Agreement), which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty fee and advertising contribution and a smaller or modified Franchisee's Territory, except that Franchisee shall not be required to pay any initial franchise fee (but shall be required to pay the renewal fee set forth in **Section 2.2(i)** below);

g) Franchisee shall execute, and shall cause each of its guarantors to execute, a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees;

h) Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

i) Franchisee shall pay Franchisor a renewal fee in the amount of $1,000.00 (One Thousand Dollars).

ARTICLE III. DUTIES OF FRANCHISOR.

3.1. **Plans and Specifications.** Franchisor shall make available, at no charge to Franchisee: (a) standard architectural plans for the Franchised Business, including exterior and interior design and layout, and (b) specifications for fixtures, furnishings and signs. Franchisee acknowledges that such layout and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities).

3.2. **Training.** Franchisor shall provide training as set forth in Article VI hereof.

3.3. **Opening Assistance.** Franchisor shall provide two (2) representatives to provide such on-site, pre-opening and opening assistance as Franchisor, in its sole discretion, deems appropriate.

3.4. **Additional Assistance.** On Franchisee's reasonable request, and in Franchisor's sole discretion, Franchisor will make available to Franchisee advice and assistance on the proper implementation of the System and operation of the Franchised Business. Franchisor shall have the right to charge a reasonable fee, as set out in the Manual (as that term is defined below), for such advice and assistance.

3.5. **Advertising and Promotional Materials.** Franchisor shall make available to Franchisee advertising and promotional materials as provided in Article XII hereof.

3.6. **Confidential Operating Manual.** Franchisor shall provide Franchisee, on loan, one copy of Franchisor's Confidential Operating Manual (the "Manual"), as more fully described in Article IX hereof.

3.7. **Products.** During the required time period of operations of the Franchised Business, as specified by Franchisor in the Manual or otherwise in writing from time to time, Franchisor shall make available to Franchisee for sale, or designate or approve other suppliers who shall make available to Franchisee for sale, products and supplies as Franchisor may designate in the Manual or in writing from time to time.

3.8. Inspections. Franchisor shall have the right, as it deems advisable in its sole discretion, to conduct inspections of Franchisee's operation of the Franchised Business, including annual inspections prior to the Franchised Business opening for each season.

3.9. Performance by Designee. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any designee, employee, or agent of Franchisor, as Franchisor may direct.

ARTICLE IV. FEES.

4.1. Initial Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor, on execution of this Agreement, an initial franchise fee of ____________________ Dollars ($_____________). The entire initial franchise fee is fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.

4.2. Royalty Fees. Franchisee shall pay Franchisor a continuing royalty fee in an amount equal to six percent (6%) of Gross Sales for each month during the term of this Agreement, which shall be paid to Franchisor in accordance with **Section 4.6** below.

4.3. Gross Sales. "Gross Sales" means all revenues attributable to or derived from the operation of the Franchised Business, including, but not limited to, from the sale of all products and services, from the redemption of gift cards and all other income of every kind and nature related to the Franchised Business regardless of whether such revenue is generated at the Approved Location or elsewhere, and whether for cash, credit, barter or otherwise, and in the case of credit, regardless of collection. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, the sale of gift cards, the sale of equipment or furnishings used in the operation of the Franchised Business in the ordinary course of business, any sales taxes or other taxes collected from customers and paid directly to the appropriate taxing authority.

4.4. Technology Fee. Franchisee shall pay Franchisor a Technology Fee for technology and IT support provided by Franchisor, for provision of an Intranet to Franchisee and other The Only Facial franchisees, for set-up and maintenance of email addresses for the Franchised Business, for other technology that Franchisor makes available to Franchisee from time to time, and/or license fees Franchisor may incur for provision of the same (collectively "**Technology Services**"). Franchisor reserves the right to change the technology and/or support it provides at any time. As of the Effective Date the Technology Fee is $300 per month but Franchisor has the authority to change the amount of the Technology Fee upon giving Franchisee written notice of the change if Franchisor's expenses in providing the Technology Services change.

4.5 Advertising Expenditures. Franchisee shall make monthly expenditures and contributions for advertising and promotion as specified in Article IV hereof.

4.6 Payments. All payments to Franchisor required by **Sections 4.2**, **4.4** and **4.5** hereof shall be paid by the tenth (10th) day of each month based on the Gross Sales from the preceding month. In its sole discretion, Franchisor may collect payments initiated by Franchisor using such payment technology as is, or may become, available during the term, and all payments shall be made using the payment method indicated by Franchisor from time to time. Such methods may be, but are not limited to, a direct debit withdrawal initiated by Franchisor and withdrawn from a designated bank account of Franchisee, Automated Clearing House (ACH), wire transfer, electronic funds transfer, or any other method. Franchisee will cooperate with Franchisor to facilitate payments through such methods and channels as may be designated by Franchisor from time to time. All such payments shall be accompanied by such Gross Sales reports as Franchisor requires under **Section 11.1** below. Any payment or Gross Sales report not actually received by Franchisor on or before such date shall be deemed overdue. If any payment or Gross Sales report is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount, a late fee on such amount from the date it was due until received by Franchisor, at the rate of ten percent (10%) per month on the overdue amount, or the maximum rate permitted by applicable law. Entitlement to such late charges shall be in addition to any other remedies Franchisor may have. Franchisee shall not be entitled to set off any payments required to be made under this Article IV against any monetary claim it may have against Franchisor. Franchisor reserves the right to require Franchisee to make any or all payments under this Agreement to an affiliate of Franchisor.

4.7. **Bank Account.** Franchisee shall deposit all revenues from operation of the Franchised Business into one bank account within two (2) days of receipt, including cash, checks, credit card receipts or the value of other forms of payment. Franchisee shall furnish to Franchisor, upon Franchisor's request, such bank and account number, a voided check from such bank account, and written authorization for Franchisor to withdraw funds from such bank account via electronic funds transfer without further consent or authorization for all payments payable by Franchisee to Franchisor hereunder. Franchisee agrees to execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required by Franchisor. Franchisee agrees to pay all costs associated with any such transfer. In the event Franchisee changes banks or accounts for the bank account required by this **Section 4.7**, Franchisee shall, prior to such change, provide such information concerning the new account and an authorization to make withdrawals therefrom. Franchisee's failure to provide such information concerning the bank account required by this **Section 4.7** or any new account, or Franchisee's withdrawal of consent to withdrawals for whatever reason and by whatever method, shall be a breach of this Agreement.

ARTICLE V. OPENING OF FRANCHISED BUSINESS.

5.1. **Construction.** Franchisee shall renovate or construct, and equip, the Franchised Business at Franchisee's own expense. Before commencing any renovation or construction of the Franchised Business, Franchisee, at its expense, shall adapt the preliminary plans and drawings that Franchisor provides to Franchisee under **Section 3.1** above by having prepared draft and final architectural drawings and specifications of the Premises by a licensed architect or engineer. Such draft and final drawings and specifications shall be submitted to Franchisor for its prior written approval. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of Franchisor. Franchisor's approval hereunder shall not relate to Franchisee's obligations with respect to any federal, state or local laws, codes or regulations including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Business, which shall be Franchisee's sole responsibility. Franchisee agrees that Franchisor and its agents shall have the right (without, however, any duty or obligation) to visit and inspect the construction of the Franchised Business at all reasonable times. Franchisee acknowledges that Franchisor's exercise of its rights to approve the plans and specifications and to inspect construction of the Franchised Business shall be solely for the purpose of assuring compliance with Franchisor's standards and with the terms and conditions of this Agreement, and Franchisor shall have no liability or obligation to Franchisee or any other person with respect to the construction of the Franchised Business.

5.2. **Permits.** Franchisee shall be responsible, at Franchisee's expense, for conforming the Premises to local ordinances, building codes and the ADA, and for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and certificates of health, which may be required by federal, state or local laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the Premises or required by the lessor.

5.3. Opening Deadline. Franchisee shall obtain Franchisor's written approval prior to first opening the Franchised Business, which approval shall not be unreasonably withheld. Franchisee shall commence operation of the Franchised Business not later than one hundred eighty (180) days after the date of this Agreement if Franchisee has selected a site prior to the execution hereof, or, if Franchisee has executed the Site Selection Addendum then within one hundred eighty (180) days after obtaining Franchisor's approval of an Approved Location. The parties agree that time is of the essence in the opening of the Franchised Business.

Franchisor may not approve of Franchisee opening the Franchised Business until Franchisee has satisfied all of the following requirements:

a) All furniture, fixtures and equipment and other supplies required for the Franchised Business in accordance with this Agreement and Franchisor's standards shall have been installed and ready for use;

b) Franchisee and Franchisee's manager shall each have completed all training required by Franchisor to Franchisor's satisfaction, and Franchisee shall have engaged sufficient qualified personnel to operate the Franchised Business according to Franchisor's standards as set out in the Manual or otherwise communicated to Franchisee in writing;

c) Franchisee shall have paid all sums due to Franchisor and its affiliates;

d) Franchisee shall not be in default under this Agreement, or any existing franchise agreement or other agreement with Franchisor or any of its affiliates; and

e) Franchisor shall be satisfied that Franchisee has complied with the requirements necessary for the opening by such on-site, virtual or other types of inspection and investigation as Franchisor deems appropriate. If Franchisee fails to pass its initial pre-opening inspection, Franchisor reserves the right to charge and collect a re-inspection fee plus reimbursement for all expenses it incurs for each additional inspection Franchisor conducts prior to giving Franchisee its approval to open, or may choose to terminate this Agreement. The re-inspection fee and related expenses shall be due and payable within thirty (30) days of receipt of an invoice, or Franchisor may, in its discretion, collect payment thereof using the payment method designated by Franchisor for the collection of payments pursuant to **Section 4.6**. Nothing under this Article V shall in any manner relieve Franchisee of the obligation of complying with the requirements of the approved plans or the other terms of this Agreement.

In Franchisor's discretion, Franchisor may grant Franchisee up to two (2) three-month extensions of the deadline for commencing the Franchised Business's operations. Any such extensions shall be granted only in Franchisor's sole discretion and upon payment of an extension fee. Franchisee shall pay Franchisor a fee of $550 at the time any extension is requested. If the extension is not granted, the fee will be refunded.

ARTICLE VI. TRAINING.

6.1. Initial Training Program. Prior to the opening of the Franchised Business, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee approved by Franchisor) and all managers, including assistant managers, of the Franchised Business, approved by Franchisor, shall attend and complete to Franchisor's satisfaction the initial training programs offered by Franchisor. Any persons subsequently employed by Franchisee in the position of manager shall also attend and complete Franchisor's training program for managers, to

Franchisor's satisfaction, within ninety (90) days of their date of hire. Franchisee, Franchisee's managers, and other employees shall also attend such additional courses, seminars and other training programs as Franchisor may reasonably require from time to time.

6.2. **Training Expenses.** All training programs required by **Section 6.1** hereof shall be at such times and places as may be designated by Franchisor, and also may be conducted via Internet, intranet, conference call, or such other means as Franchisor determines in its sole discretion. The cost of the initial training for Franchisee and its initial manager(s) is included in the initial franchise fee. Franchisee shall pay Franchisor its then-current training fee for any training of Franchisee, or its managers, that occurs after the initial training is complete. Franchisee shall also be responsible for any and all other expenses incurred by Franchisee and its employees in connection with the initial training program and any additional courses, seminars, and other training programs, including, without limitation, the costs of transportation, lodging, meals, and wages.

6.3 **Aesthetician Training.** Franchisor reserves the right to require all aestheticians providing services on behalf of the Franchised Business to participate in, and complete, training in the processes and methods established by Franchisor for provision of those services ("The Only Facial Method"). Franchisee shall be solely responsible for ensuring that any aestheticians that provide services on behalf of the Franchised Business have completed this training, if required, prior to providing any services to customers. Franchisee shall pay Franchisor's then-current aesthetician training fee for each aesthetician that is trained in The Only Facial Method whether such training is required or optional.

ARTICLE VII. DUTIES OF FRANCHISEE.

7.1. **Operating Standards.** Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, Franchisor and other The Only Facial franchisees in order to develop and maintain high operating standards, to increase the demand for the products sold by all businesses operating under the System, and to protect the reputation and goodwill of The Only Facial brand and of the Proprietary Marks.

7.2. **Operation of the Franchised Business.** Franchisee shall use the Premises solely for the operation of the Franchised Business; shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may specify; shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor; and shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without Franchisor's prior written consent.

7.3. **Adherence to Standards and Specifications.** To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing. Franchisee agrees:

a) To maintain in sufficient supply as Franchisor may prescribe in the Manual or otherwise in writing, and to use at all times, only such products and supplies acquired from a supplier or suppliers designated or approved by Franchisor, and such other products, materials, supplies, paper goods, fixtures, furnishings, equipment, and signs, as conform with Franchisor's standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without Franchisor's prior written consent. Franchisor may designate itself or an affiliate to be an approved supplier, or the only approved supplier, of any products or other items;

b) To sell or offer for sale only such services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale services which Franchisor may, in its discretion, disapprove in writing at any time;

c) To purchase products and supplies designated by Franchisor solely from Franchisor or such other designated sources as Franchisor may describe in the Manual or otherwise in writing from time to time;

d) That all products shall be stored, maintained and served in strict conformity with Franchisor's standards, specifications and procedures, including, without limitation, stored in equipment approved by Franchisor in the Manual or in writing from time to time, from the time of delivery to the time of sale, as Franchisor may specify in the Manual or otherwise in writing from time to time;

e) That all products shall be used in strict accordance with the temperature, appearance and quality standards prescribed in the Manual or otherwise in writing from time to time, and that any products failing to meet such standards shall not be used by Franchisee. Franchisee acknowledges and agrees that Franchisor shall have the right to require that any product be immediately removed from sale if Franchisor, during any inspection, reasonably believes the products are of substandard quality. Franchisee agrees to immediately remove, upon Franchisor's request, such products from usage;

f) To use and display only the standard skin-care format required by Franchisor, as the same may be revised by Franchisor from time to time. Any change in the skin-care format must be approved in writing by Franchisor prior to use;

g) To sell all products hereunder at retail and not sell such products at wholesale or for re-sale, and to refrain from selling any products at any location other than the Approved Location, except as described in **Section 7.3(i)**below;

h) To use, in the operation of the Franchised Business, such standards, specifications, and procedures as prescribed by Franchisor;

i) To refrain from selling or advertising any products or services hereunder on the Internet without Franchisor's prior, written approval, and then only in strict compliance with Franchisor's standards and

j) To participate in Franchisor's gift certificate program, as prescribed by Franchisor in the Manual or otherwise in writing from time to time, including, but not limited to, selling and offering for sale gift certificates which may be redeemed at any The Only Facial business for facials; permitting customers who purchased gift certificates from another The Only Facial or Franchisor to redeem their gift certificates for facials at the Franchised Business; and participating in Franchisor's customer complaint program, which may require Franchisee offering free gift certificates, at Franchisee's expense, to customers complaining about service at the Franchised Business. Franchisee must comply with all of Franchisor's policies regarding advertising and promotion, including the use and acceptance of coupons. Revenue from the purchase of gift certificates will remain with Franchisor until such gift certificate is redeemed at Franchisee's Franchised Business, at which point Franchisee will receive the value of the gift certificate, minus ten percent (10%) of the value of the gift certificate to account for costs associated with gift certificate supplies and marketing.

7.4. Fixtures, Furnishings, and Equipment. Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, supplies, equipment (including, without limitation, décor, and signs as Franchisor may reasonably direct from time to time); and shall refrain from installing or permitting to be installed on or about the Premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved by Franchisor.

7.5. Sources of Products and Services. All products at the Franchised Business, and other products, services, materials, supplies, paper goods, fixtures, furnishings and equipment used at, or in the operation of, the Franchised Business shall meet Franchisor's then-current standards and specifications, as established in the Manual or otherwise in writing. Except as provided in **Sections 7.4** and **7.5** hereof, Franchisee shall purchase all supplies, materials, and other products and equipment used or offered for sale at the Franchised Business for which Franchisor has established standards or specifications solely from Franchisor, an affiliate of Franchisor, or suppliers (including manufacturers, distributors and other sources) designated by Franchisor that demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by Franchisor in the Manual or otherwise in writing. Franchisor reserves the right to require Franchisee to purchase any or all approved products, equipment, and merchandise solely from Franchisor or an affiliate of Franchisor. If Franchisee desires to purchase products from a party other than an approved supplier, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require. 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 for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. Franchisee shall pay a fee equal to the lesser of $500 or the cost of the evaluation and testing for each request it submits to Franchisor, regardless of whether the request is granted. Franchisor shall use its best efforts, within thirty (30) days after its receipt of such completed request and completion of such evaluation and testing (if required by Franchisor), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Franchisee shall not use, sell or offer for sale any products of the proposed supplier until Franchisor's written approval of the proposed supplier is received. Franchisor may from time to time revoke its approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to use or sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale unless approved to do so, or required to do so, by Franchisor. Nothing in the foregoing shall be construed to require Franchisor to make available to prospective suppliers, standards and specifications for formulas, including, without limitation, trade secret products that Franchisor, in its sole discretion, deems confidential. Notwithstanding the above, Franchisor reserves the right, in its business judgment, to require Franchisee to purchase any or all approved products, equipment, merchandise, or services used in the Franchised Business solely from Franchisor or an affiliate of Franchisor.

7.6. Initial Inventory. At the time the Franchised Business opens for the first time, Franchisee shall stock the initial inventory of products and supplies prescribed by Franchisor in the Manual or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand.

7.7. On-Premises Supervision. The Franchised Business shall at all times be under the direct, on-premises supervision of an individual who has satisfactorily completed the training as required by **Section 6.1** hereof. Franchisee shall maintain a competent, conscientious, trained staff, including a manager (who may be Franchisee) who has completed the training described in **Section 6.1** hereof. Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; wear uniforms of the color, design, and other specifications that Franchisor requires; present a neat and clean appearance during all hours of operation; and meet such additional minimum standards as Franchisor may establish from time to time in the Manual. Franchisee and its employees shall handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from the name and goodwill of Franchisor. Franchisee shall implement policies relating to the use of Networking Media Sites (as defined in **Section 8.8** below) that meet Franchisor's standards and take such steps as are necessary to ensure that its employees do not violate those policies, including, but not limited to, prohibiting employees from posting confidential information relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Site that is inconsistent with such policies. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

7.8. Inspections. Franchisee shall permit Franchisor and its agents to enter upon the Franchised Business premises at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of Franchisor in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies identified during any such inspection. If the Franchised Business fails to pass an inspection and Franchisor is required to conduct an additional inspection, or additional inspections, to confirm that the deficiencies have been resolved, or if Franchisor conducts an inspection to confirm that deficiencies identified through processes other than an inspection have been resolved, Franchisor shall have the right to charge Franchisee a fee equal to the costs Franchisor incurs to conduct any re-inspection ("Reinspection Fee"). Any Reinspection Fee Franchisee is required to pay shall be paid by the date set in the invoice Franchisor sends for the Reinspection Fee. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee a fee equal to the costs Franchisor incurs in so acting, plus ten percent (10%) of those total costs, payable to Franchisor upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

7.9. Advertising Materials. Franchisee shall ensure that all advertising and promotional materials, signs, decorations and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.

7.10. Maintenance of Premises. Franchisee shall maintain the Franchised Business premises (including the adjacent public areas) in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, 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, equipment and décor as Franchisor may reasonably direct.

7.11. Refurbishment. At Franchisor's request, but no more than once every five (5) years, or as a condition of renewal, unless sooner required by Franchisee's lease, Franchisee shall refurbish the Franchised Business premises, at its expense, to conform to the building design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the then-current image for new The Only Facial franchised businesses. Such refurbishment may include, without limitation, structural changes, remodeling, redecoration and modifications to existing improvements.

7.12. Changes to the System and Franchisee Inventions. Franchisee shall not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any change, amendment or improvement in the System which Franchisee proposes to make, and shall provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment or improvement. Franchisee acknowledges and agrees that Franchisor shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to Franchisee. If Franchisee or any affiliates, owners, or employees of Franchisee develop any products, services, procedures, or inventions, or improvements on products, services, or procedures already part of the System, whether or not such developments are protectable intellectual property (collectively "Inventions"), such Inventions must be promptly disclosed to Franchisor, and if deemed by Franchisor to be appropriate for use in the Franchised Business and other The Only Facial businesses, such Inventions will be deemed to be Franchisor's sole and exclusive property, part of the System and works made-for-hire for Franchisor. To the extent any such Invention does not qualify as a work made-for-hire, it must be assigned to Franchisor. Franchisee agrees to take, or direct its affiliates, owners, or employees, to take all necessary steps and action such assignment may require.

7.13. Compliance with Lease. Franchisee shall comply with all the terms of its lease or sublease and all other agreements affecting the operation of the Franchised Business; shall promptly furnish Franchisor a copy of its lease, upon request; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Franchised Business premises.

7.14. Compliance with Laws Including Health and Safety Standards. Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor within forty-eight (48) hours after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Franchised Business. Franchisee shall ensure that Franchisee, its employees and the Franchised Business have all required permits, licenses and certifications required for the lawful operation of the Franchised Business at all times during the term of this Agreement. Franchisee acknowledges that Franchisor is not responsible for notifying Franchisee of applicable laws or monitoring Franchisee's compliance with applicable laws and that it is solely Franchisee's responsibility to be aware of, and remain in compliance with, all applicable laws.

7.15. Pricing. Franchisor shall have the right to determine the prices of the products and services offered, sold, and advertised by Franchisee to the extent permitted by law. Franchisor also shall have the right to establish minimum prices and/or maximum prices of the products and services offered, sold, and advertised by Franchisee. Franchisee shall strictly adhere to the prices (including minimum and/or maximum prices) established by Franchisor. Franchisor retains the right to modify the prices from time to time in its reasonable discretion.

ARTICLE VIII. PROPRIETARY MARKS AND TECHNOLOGY.

8.1. Franchisor's Representations. Franchisor represents with respect to the Proprietary Marks:

a) Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks;

b) Franchisor has the right to use, and to license others to use, the Proprietary Marks in accordance with this Agreement; and

c) Franchisor has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2. Franchisee's Use of the Proprietary Marks. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

a) Franchisee shall use only the Proprietary Marks designated by Franchisor in the Manual or otherwise in writing, and shall use them only in the manner authorized and permitted by Franchisor;

b) Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only at the Approved Location, or in advertising for the Franchised Business conducted at or from the Approved Location;

c) Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Franchised Business only under the name "The Only Facial" and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

d) During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing;

e) Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and shall entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

f) Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;

g) Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

h) Franchisee shall promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the

Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and

i) Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.3. Acknowledgements. Franchisee expressly understands and acknowledges that:

a) Franchisor or its affiliate is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

b) The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

c) During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's ownership of, or Franchisor's right to use, and to license others to use, the Proprietary Marks;

d) Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

e) Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licensees or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

f) Except as specified in **Section 1.4** hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor and its affiliates thus have and retain the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

g) Franchisor reserves the right, in Franchisor's sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. Franchisee agrees promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics and any other items which bear the Proprietary Marks to conform therewith.

8.4. Computer System and Required Software.

a) Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, and video systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, such items, plus those other items identified in the Manual, the "Computer System");

b) Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System (the "Required Software"), which Franchisee shall install at its expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense; (c) the tangible media upon which Franchisee shall record data; and (d) the database file structure of the Computer System. Franchisor shall have the right to charge Franchisee a reasonable licensing fee for the Required Software, or such updates, supplements, modification or enhancements thereto, or any database file structure Franchisor requires; and

c) At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisor shall have the right at any time to remotely retrieve and use such data and information from Franchisee's Computer System or Required Software that Franchisor deems necessary or desirable. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with Franchisor's standards and specifications. Franchisee agrees, at its own expense, to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this **Section 8.4** shall be at Franchisee's sole cost and expense.

8.5. Data. All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's system, downloaded from Franchisee's system to Franchisor's system, and/or obtained electronically or otherwise from Franchisee by Franchisor, is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including, but not limited to, consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

8.6. Privacy. Subject to applicable law, Franchisor may, from time-to-time, specify in the Manual or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and shall be the exclusive property of Franchisor, and Franchisor hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

8.7. **Intranet.** Franchisor currently makes the Manual available through a secure sharefile site. However, it may, but is not obligated to, establish an Intranet network through which confidential brand standards and other materials may be posted for review and reference by franchisees and potentially where Franchisor and its franchisees can communicate by e-mail, instant messaging, or similar electronic means. When Franchisor chooses to implement that Intranet network, Franchisee agrees to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements). Franchisee shall purchase and maintain such computer software and hardware (including, but not limited to, telecommunications capacity) as may be required to connect to and utilize the Intranet. Franchisor shall also have the right to require Franchisee to install a video, voice and data system that is accessible by both Franchisor and Franchisee on a secure Internet website, in real-time, all in accordance with Franchisor's then-current written standards as set forth in the Manual or otherwise in writing. Franchisee shall comply with Franchisor's requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet and/or such other computer systems as Franchisor may reasonably require.

8.8. **Websites.** Unless otherwise approved in writing by Franchisor, Franchisee shall not establish a separate Website. However, Franchisor shall have the right to require that Franchisee have one or more references or webpage(s), as designated and approved in advance by Franchisor, within Franchisor's principal Website (currently, www.theonlyfacial.com) ("Franchisor's Website"). The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page, or other presence on a social or business networking media site, such as Facebook, X (f/k/a Twitter), Linked In, and online blogs and forums ("Networking Media Sites"). Franchisor shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on Franchisor's Website. However, if Franchisor approves a separate Website for Franchisee (which Franchisor is not obligated to approve and, which approval, if granted, may later be revoked by Franchisor), then each of the following provisions shall apply:

a) Franchisee specifically acknowledges and agrees that any Website owned, established, or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement and will be subject to, among other things, Franchisor's prior review and approval;

b) Before establishing any Website, Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Franchisor may reasonably require;

c) If approved, Franchisee shall not materially modify such Website without Franchisor's prior written approval as to such proposed modification;

d) Franchisee shall comply with the standards and specifications for Websites that Franchisor may periodically prescribe in the Manual or otherwise in writing;

e) If required by Franchisor, Franchisee shall establish such hyperlinks to Franchisor's Website and other Websites as Franchisor may request in writing; and

f) Neither Franchisee, its principals, or any of Franchisee's employees shall make any posting or other contribution to a Networking Media Site relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business that: (a) is offensive, inflammatory, or indecent; (b) harms the goodwill and public image of the System and/or the Proprietary Marks; or (c) discloses Franchisor's confidential information.

8.9. Domain Names. Franchisee acknowledges and agrees that if Franchisor grants its approval for Franchisee's use of a generic, national, and/or regionalized domain name, Franchisor shall have the right to own and control said domain name at all times and may license it to Franchisee for the term of this Agreement on such terms and conditions as Franchisor may reasonably require (including, but not limited to, the requirement that Franchisee reimburse Franchisor's costs for doing so). If Franchisee already owns any domain names, or hereafter registers any domain names, then Franchisee agrees that it shall notify Franchisor in writing and assign said domain names to Franchisor and/or a designee that Franchisor specifies in writing.

8.10. Online Use of Proprietary Marks and E-Mail Solicitations. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written confirmation that the content is consistent with Franchisor's standards. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.11. No Outsourcing Without Prior Written Approval. Franchisee shall not hire third-party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third-party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is provided by Franchisor. The provisions of this **Section 8.11** are in addition to and not instead of any other provision of this Agreement.

8.12. Changes to Technology. Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System, and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose.

ARTICLE IX. OPERATING MANUAL.

9.1. Standards of Operation. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual, which Franchisor will make available to Franchisee during the remainder of the term of this Agreement after Franchisee completes Franchisor's initial training program to Franchisor's satisfaction. Franchisor reserves the right to make the Manual available through electronic, or non-electronic means, as it deems appropriate in its discretion.

9.2. **Confidentiality.** Franchisee shall treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use all efforts necessary to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3. **Exclusive Property.** The Manual shall remain the sole property of Franchisor and shall be kept in a secure place on the Franchised Business premises.

9.4. **Revisions to Manual.** Franchisor may from time to time revise the contents of the Manual, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by Franchisor at Franchisor's home office shall be controlling.

ARTICLE X. CONFIDENTIAL INFORMATION.

10.1. **Confidential Information.** Franchisee shall not, during the term of this Agreement or anytime thereafter, communicate, disclose, divulge or use for the benefit of any other person, partnership, association, limited liability company or corporation any trade secrets or Confidential Information, knowledge or know-how concerning the methods of operation of the business franchised hereunder. "Confidential Information" for purposes of this Agreement means, without limitation, the Manual, customer information, including contact information, purchasing history, and preferences, the protocol for providing its services, the contents of, or the identity of, confidential and/or proprietary products used to provide its services, knowledge of sales and profit performance at any one or more The Only Facials, the knowledge of Franchisor's or its affiliate's test programs, concepts, or results relating to operating, new advertising and promotional programs, the sources of suppliers of products, ingredients, and equipment used in the System, the System's advertising, promotion, and marketing techniques, drawings, materials, or equipment which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall only disclose Confidential Information to those employees who must have access to operate the Franchised Business. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.

10.2. **Confidentiality Agreements.** At Franchisor's request, Franchisee shall require Franchisee's managers and other such personnel having access to any of Franchisor's trade secrets and/or Confidential Information to execute post-agreement restrictive covenants prohibiting the disclosure of Franchisor's trade secrets and/or Confidential Information they receive in connection with their employment by Franchisee at the Franchised Business. Such covenants shall be in the form attached hereto as **Exhibit C**.

10.3. **Irreparable Injury.** Franchisee acknowledges that any failure to comply with the requirements of this Article X will cause Franchisor irreparable injury and Franchisor shall be entitled to temporary and permanent injunctive relief to prevent Franchisee's breach and/or continued breach of this Article X.

10.4. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor to obtain specific performance of, or an injunction prohibiting the breach or continuing breach of this Article X, or such other relief sought by Franchisor for breaches of this Agreement.

ARTICLE XI. ACCOUNTING AND RECORDS.

11.1. Gross Sales Reports. Franchisee shall record all sales on a point-of-sale recordkeeping and control system designated by Franchisor, or on any other equipment specified by Franchisor in the Manual or otherwise in writing. Franchisee shall maintain a record of all Gross Sales and expenses using such software or other means as specified by Franchisor in the Manual or otherwise in writing. Franchisee shall provide Franchisor with such Gross Sales records together with Franchisee's Royalty Fee payments as required by **Section 4.6** hereof. Such reports shall be submitted to Franchisor by such means as designated by Franchisor in the Manual or otherwise in writing, including, but not limited to, a Web-based management system or other system that allows Franchisor instant, unrestricted access to Franchisee's sales information. Any report not actually received by Franchisor on or before the due date shall be deemed overdue. If a report is overdue, all payments to Franchisor for that month, whether or not timely received, shall be deemed overdue until such time as Franchisor has received the required report, and late charges shall be due as provided in **Section 4.6**. Franchisor shall have the right to access any business information or data collected and generated on Franchisee's point-of-sale system.

11.2. Other Reports. Franchisee shall submit to Franchisor within thirty (30) days after the close of each fiscal quarter, a quarterly profit and loss statement. Upon Franchisor's request, but not more often than once per month, Franchisee shall, at Franchisee's expense, submit to Franchisor in the form prescribed by Franchisor, within fifteen (15) days of Franchisor's request, unaudited financial statements showing the results of operations of the Franchised Business during the preceding calendar month, and such other forms, reports, records, information and data as Franchisor may reasonably designate.

11.3. Annual Financial Statements. Franchisee shall, at Franchisee's expense, submit to Franchisor in the form prescribed by Franchisor, within ninety (90) days after the end of each fiscal year, Franchisee's financial statements for the preceding fiscal year, including, without limitation, a complete and accurate profit and loss statement and balance sheet, which may be unaudited but, upon Franchisor's request, shall be reviewed in accordance with generally accepted accounting principles.

11.4. Preservation of Records. Franchisee shall prepare, and shall preserve for at least seven (7) years from the dates of their preparation (or such longer period as may be required under applicable law), complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing.

11.5. Inspection and Audit. **FRANCHISOR AND ITS DESIGNATED AGENTS SHALL HAVE THE RIGHT AT ALL REASONABLE TIMES TO EXAMINE AND RECEIVE A COPY OF, AT FRANCHISOR'S EXPENSE, THE BOOKS, RECORDS, ACCOUNTS AND TAX RETURNS OF FRANCHISEE. FRANCHISOR SHALL ALSO HAVE THE RIGHT, AT ANY TIME, TO HAVE AN INDEPENDENT AUDIT MADE OF THE BOOKS OF FRANCHISEE. IF AN INSPECTION SHOULD REVEAL THAT ANY PAYMENTS HAVE BEEN UNDERSTATED IN ANY REPORT TO FRANCHISOR, THEN FRANCHISEE SHALL IMMEDIATELY PAY TO FRANCHISOR THE AMOUNT UNDERSTATED UPON DEMAND, IN ADDITION TO INTEREST FROM THE DATE SUCH AMOUNT WAS DUE UNTIL PAID, AT THE RATE OF EIGHTEEN PERCENT (18%) PER ANNUM, OR THE MAXIMUM RATE PERMITTED BY LAW, WHICHEVER IS LESS, PLUS ALL OF FRANCHISOR'S COSTS AND EXPENSES IN CONNECTION WITH THE INSPECTION, INCLUDING, WITHOUT LIMITATION, TRAVEL COSTS, LODGING AND WAGES EXPENSES, AND REASONABLE ACCOUNTING AND LEGAL COSTS.**

<u>THE FOREGOING REMEDIES SHALL BE IN ADDITION TO ANY OTHER REMEDIES FRANCHISOR MAY HAVE</u>.

ARTICLE XII. ADVERTISING AND PROMOTION.

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1. **Grand Opening Advertising.** At least sixty (60) days prior to the opening of the Franchised Business, Franchisee shall prepare and submit to Franchisor for its approval a grand opening advertising and promotional program in the form and manner prescribed by Franchisor in writing. Franchisee shall expend at least Fifteen Thousand Dollars ($15,000.00) on such grand opening advertising and promotion within sixty (60) days prior to the opening of the Franchised Business. In addition, during the first three (3) calendar months the Franchised Business is open, Franchisee must spend at least Seven Thousand Dollars ($7,000.00) per month on local marketing, advertising, and promotion. Franchisee shall provide documentation showing the amounts spent on grand opening advertising monthly by the tenth (10^{th}) day of the month after the expenses were incurred. If Franchisee fails to spend the minimum amount for grand opening advertising, Franchisee shall be required to pay over to Franchisor an amount equal to the difference between the minimum amount it was required to spend on grand opening advertising and the amount it actually spent on grand opening advertising on or before the tenth ($10^{th)}$ day of the fourth (4^{th}) month the Franchised Business is open to use in the promotion of the brand.

12.2. **Local Advertising and Promotion.** After the first three (3) calendar months that the Franchised Business is open, and during the remainder of the term of this Agreement, Franchisee is required to expend at a minimum a certain amount, each month, on local marketing, advertising, and promotion. The minimum amount Franchisee is required to expend each month is equal to the greater of two percent (2%) of Franchisee's Gross Sales from the previous month, and $3,500.00. All local marketing, advertising, and promotion shall be conducted in such manner as Franchisor may, in its sole discretion, direct in the Manual or otherwise in writing. If, in any month, Franchisee fails to spend the required minimum amount, Franchisee shall pay to Franchisor an amount equal to the difference between the required minimum amount, and the amount Franchisee actually spent, for Franchisor to use as advertising to promote the Franchised Business or The Only Facial brand.

12.3. **Verification of Advertising Expenditures.** Franchisee shall submit verification of the expenditures required by **Sections 12.1** and **12.2** hereof to Franchisor in the form and manner prescribed by Franchisor in the Manual or otherwise in writing.

12.4. **Advertising Materials.** All advertising and promotion (including, without limitation, any design, advertisement, sign, or form of publicity) by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any such advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in **Section 12.5** hereof. Franchisor may make available to Franchisee from time to time, pre-approved advertising that Franchisee will be required to use during such season and at such times as Franchisor shall specify in writing. In addition, Franchisor may make available, at Franchisee's expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials.

12.5. **Franchisor Approval.** Franchisee shall submit to Franchisor samples of all advertising and promotional plans and materials (including, without limitation, any design, advertisement, sign, or form of publicity) and proposed coupons for any print, broadcast, cable, electronic, computer or other media (including, without limitation, the Internet) that Franchisee desires to use and that have not been prepared or previously approved by Franchisor within the preceding six (6) months (consistent with Article XXI hereof), for Franchisor's prior approval (including with respect to prices to be charged). Any request by Franchisee for Franchisor's approval of advertising materials must be addressed to Franchisor and marked "Attention: Advertising Department - Ad Review." Franchisee shall not use such plans or materials or coupons until they have been approved in writing by Franchisor. If written notice of approval is not received by Franchisee from Franchisor within fifteen (15) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have disapproved them.

12.6. **Photographs of the Franchised Business.** Franchisor shall have the right to photograph or make video recordings of the interior and exterior of the Franchised Business and use such photographs and/or videos in any advertising or promotional materials. Franchisor is not obliged to compensate Franchisee or Franchisee's employees for use of the Franchised Business or Franchisee's employees in any advertising or promotional materials. Franchisee shall cooperate in securing the consent of persons photographed or videoed for such use.

12.7. **Advertising Cooperative.** Franchisor shall have the right, in its discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative has been established applicable to the Franchised Business at the time the Franchisee commences operations hereunder, Franchisee shall immediately become a member of the Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the term of this Agreement, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the Franchised Business is within the territory of more than one Cooperative, Franchisee shall be required to be a member of only one such Cooperative:

a) Each Cooperative shall be organized and governed in a form and manner, shall commence operation on a date, and shall operate pursuant to written governing documents, all of which must be approved in advance by Franchisor in writing;

b) Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval;

c) No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in **Section 12.5** hereof;

d) Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; provided, however, that Franchisee shall not be required to contribute to any Cooperative in excess of two percent (2%) of Gross Sales during any calendar year, unless two-thirds (2/3) of the members of the Cooperative vote in favor of a greater contribution. Franchisee's payments made under this **Section 12.7(d)** shall be credited towards the expenditure required to be made under **Section 12.2** hereof. Each member franchisee shall submit to the Cooperative the amount invoiced by the Cooperative or Franchisor, as described in **Section 4.6** hereof, its contribution as provided in this **Section 12.7**, together with such other statements or reports as may be required by Franchisor or by the Cooperative with Franchisor's prior approval; and

e) Franchisor, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating the reasons supporting such exemption. Franchisor's decision concerning such request for exemption shall be final. If an exemption is granted to a franchisee, such franchisee shall be required to expend on local promotion and advertising the full amount provided for in **Section 12.2** hereof. Franchisor reserves the right to require Cooperatives to be changed, dissolved, or merged.

ARTICLE XIII. INSURANCE.

13.1. Minimum Insurance Requirements. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance and automobile insurance coverage for all vehicles used in connection with the Franchised Business. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor as an additional insured as specified by Franchisor, and shall provide at least the types and minimum amounts of coverage specified in the Manual.

As of the effective date of this Agreement, Franchisee must maintain the following coverage, at a minimum:

1) Comprehensive General Liability coverage against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the business containing minimum liability protection of $1,000,000.00 combined single limit per occurrence, and $2,000,000.00 in the aggregate (unless greater amounts are required by Franchisee's landlord, local governmental authority, etc.), with a maximum deductible of $1,000.00 per occurrence. Coverage must be written on occurrence form and name the franchisor as additional insured with a waiver of subrogation;

2) Professional Liability coverage in the amount of $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate. This policy must cover all services provided with no exclusions for the services offered. Maximum deductible of $10,000.00;

3) Workers' Compensation coverage in accordance with the laws of the state where the Approved Location is located;

4) Employment Practices Liability Insurance coverage that includes, but is not limited to, wrongful termination, discrimination (age, sex, race, disability, etc.) sexual harassment, wrongful discipline, failure to employ or promote and other employment related allegations, with limits not less than $100,000.00 annual aggregate with a maximum deductible of $25,000.00. Third party coverage is recommended; and

5) A standard "Special Risk" policy of property insurance protecting against all risk of physical loss or damage, including without limitation, coverage in amounts not less than the actual replacement cost, covering all of Franchisee's merchandise, trade fixtures, furnishing, wall covering, floor covering, carpeting, drapes, equipment and all items of personal property.

13.2. No Waiver. Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manual shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in **Section 20.3** of this Agreement.

13.3. Franchisor Entitled to Recover. All public liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

13.4. Certificates of Insurance. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

13.5. Franchisor's Right to Procure. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manual or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to procure such insurance and to require Franchisee to pay an amount equal to the costs Franchisor incurs to procure the insurance together with an administrative surcharge of ten percent (10%), which shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

ARTICLE XIV. TRANSFER OF INTEREST.

14.1. Franchisor's Right to Transfer. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisee shall execute such documents of attornment or otherwise as Franchisor shall request.

14.2. Franchisee's Conditional Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither this Agreement or the license granted hereunder, any part or all of any owner's direct or indirect ownership interest in Franchisee, the Franchised Business, nor a substantial portion of the Franchised Business' assets (collectively, the "Franchised Interests"), may be transferred by Franchisee without Franchisor's prior written approval, and then only in accordance with the provisions of this Agreement. A "Transfer" means the voluntary, involuntary, direct or indirect assignment, sale, gift, or other transfer of any Franchised Interest, including, without limitation, the following events: (i) the transfer of ownership of the stock or partnership or limited liability company ownership interest of Franchisee; (ii) any merger, reorganization, consolidation, or issuance of additional securities representing a direct or indirect ownership interest in Franchisee or the Franchised Business; (iii) any sale of a Franchised Interest in Franchisee in a single transaction or a related series of transactions; (iv) any transfer of a Franchised Interest by declaration, division, or otherwise in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (v) any transfer of a Franchised Interest resulting from the Franchisee's death or the death of one of its owners, whether by will, declaration of or transfer in trust, or under the laws of intestate succession; (vi) any change in ownership or control of any or all of the Franchised

Interest by sale, gift, assignment, or otherwise; (vii) any change in the trustees or the beneficial owners of the trust if Franchisee or any owner is a trust; or (viii) a pledge, hypothecation, or encumbrance of any Franchised Interest intended as security for an obligation. Any purported transfer not having the written consent of Franchisor required by this **Section 14.2** shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to **Section 15.2(f)** of this Agreement.

14.3. Conditions of Transfer. Franchisee shall notify Franchisor in writing of any proposed Transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business: (a) prior to Franchisee's offering for sale (including, but not limited to, advertising the sale of) the Franchised Business, or any assets of the Franchised Business, or any ownership interest in Franchisee; and (b) at least thirty (30) days before any Transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any Transfer. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

a) That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrates 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 operate 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;

b) That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;

c) That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;

d) That the consideration or payment terms offered by a proposed transferee are not excessive or unreasonable, based on the gross revenues of the Franchised Business and sale prices of other franchised businesses in the System, in Franchisor's reasonable business judgment;

e) That the transferor, and if the Franchisee is the transferor, all of its guarantors, execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees;

f) That in Franchisor's sole discretion: (1)(a) the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) enters into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, or (b) the transferee executes, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Franchisor's then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty fee and advertising contribution and a smaller or modified Franchisee's Territory, except that transferee shall not be required to pay any initial franchise fee; and (2) the transferee or its principals guaranty the performance of all such obligations in writing in a form satisfactory to Franchisor;

g) That Franchisee remains liable for all of the obligations to Franchisor and its affiliates in connection with the Franchised Business which arose prior to the effective date of the Transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

h) That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Franchisor), and the transferee's manager (if transferee or transferee's principal will not manage the Franchised Business), at the transferee's expense, completes any training programs then in effect upon such terms and conditions as Franchisor may reasonably require; and

i) That Franchisee pays to Franchisor a transfer fee of Ten Thousand and 00/100 Dollars ($10,000.00). However, in the case of a Transfer to a corporation formed by Franchisee for the convenience of ownership, no such transfer fee shall be required.

14.4. No Security Interest. Franchisee shall not grant a security interest in the Franchised Business or in any of the assets of the Franchised Business unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

14.5. Franchisor's Right of First Refusal. If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business desires to accept any bona fide offer from a third party to purchase such interest, Franchisee shall notify Franchisor as provided in **Section 14.3** hereof, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this **Section 14.5** shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article XIV, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

14.6. Death or Incapacity. Upon the death or physical or mental incapacity of any person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six (6) months after such death or incapacity. Such Transfers, including, without limitation, Transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos Transfer. In the case of Transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Article XIV, the executor, administrator, or personal representative of the decedent shall Transfer the decedent's interest to another party approved by Franchisor within the six (6) month timeframe set forth above, which disposition shall be subject to all the terms and conditions for Transfers contained in this

Agreement. If the interest is not disposed of within the time set forth in this **Section 14.6**, Franchisor may terminate this Agreement, pursuant to **Section 15.2(g)** hereof.

14.7. No Waiver. Franchisor's consent to a Transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

ARTICLE XV. DEFAULT AND TERMINATION.

15.1. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the premises of the Franchised Business or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2. Notice Without Opportunity to Cure. Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Article XXII hereof):

a) If Franchisee fails to propose an approved site or to construct and open the Franchised Business within the time limits provided in the Site Selection Addendum or **Section 5.3** hereof;

b) If Franchisee or Franchisee's designated trainees fail to complete the initial training program or additional training described in **Section 6.1** hereof to Franchisor's satisfaction;

c) If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the Premises of the Franchised Business, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located. However, if, through no fault of Franchisee, the Premises of the Franchised Business are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises of the Franchised Business, which approval shall not be unreasonably withheld;

d) If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interest therein;

e) If a threat or danger to public health or safety results from the operation of the Franchised Business;

f) If any purported transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business is made to any third party without Franchisor's prior written consent, contrary to the terms of Article XIV hereof;

g) If an approved transfer is not effected within the time provided following death or physical or mental incapacity, as required by **Section 14.6** hereof;

h) If Franchisee fails to comply with the covenants in **Section 17.2** hereof or fails to obtain execution of the covenants required under **Section 10.2** hereof;

i) If, contrary to the terms of Article IX or Article X hereof, Franchisee discloses or divulges the contents of the Manual or other Confidential Information provided to Franchisee by Franchisor;

j) If Franchisee submits any false reports to Franchisor;

k) If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

l) If Franchisee refuses to permit Franchisor to inspect the Franchised Business Premises, or the books, records or accounts of Franchisee upon demand;

m) If Franchisee, upon receiving a notice of default under **Section 15.3** hereof, fails to cure such default within the cure period; or

n) If Franchisee, after curing any default pursuant to **Section 15.3** hereof, commits the same default again, whether or not cured after notice.

15.3. Notice with Opportunity to Cure. Except as otherwise provided in **Sections 15.1** and **15.2** of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Article XXII hereof) stating the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by curing such default, and by promptly providing proof thereof to Franchisor within the thirty (30) days. If any such default is not cured within the cure period set out in this Agreement, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the applicable cure period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder include the following illustrative events:

a) If Franchisee fails to maintain the cleanliness of the Franchised Business, or fails to comply with any of Franchisor's specifications;

b) If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, including its obligations that Franchisee comply with all required standards set forth in the Manual or otherwise sent to Franchisee in writing, or failure to carry out the terms of this Agreement in good faith;

c) If Franchisee fails, refuses or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, or to submit the financial or other information required by Franchisor under this Agreement;

d) If Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Manual or otherwise in writing;

e) Except as provided in **Section 15.2(f)** hereof, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

f) If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the Premises, or in any way jeopardizes its right to renewal of such lease or sublease;

g) If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks; or

h) If Franchisee receives any citation or notice of potential health code violation from the local board of health or Franchisor.

15.4. Cross-Default. Any default by Franchisee under any other agreement between Franchisor or its affiliates as one party and Franchisee or any of Franchisee's owners or affiliates as the other party, that is so material as to permit Franchisor to terminate such other agreement, shall be deemed to be a default of this Agreement, and Franchisor shall have the right, at its option, to terminate this Agreement without affording Franchisee an opportunity to cure, effective immediately upon notice to Franchisee.

ARTICLE XVI. OBLIGATIONS UPON TERMINATION OR EXPIRATION.

Upon termination of this Agreement, or of Franchisee's or any owner of Franchisee's rights under this Agreement, or expiration of this Agreement, all rights granted hereunder to Franchisee, or the owner, shall forthwith terminate, and:

16.1. Cease Operations. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor. Immediately upon the expiration or termination hereof, Franchisee shall dispose of, and not sell, any proprietary or trade secret products sold hereunder, including, but not limited to, any products having the Proprietary Marks or contained in packaging having the Proprietary Marks.

16.2. Cease Use of Confidential Information and Proprietary Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, any Confidential Information, the Proprietary Mark "The Only Facial" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products and any other articles which display the Proprietary Marks and shall destroy or surrender to Franchisor (as Franchisor directs) any letterhead, forms, printed matter, and advertising containing the Proprietary Marks and any similar or related names marks or designations tending to indicate that Franchisee is or was a Franchisee of Franchisor no more than five (5) days after the termination or expiration of this Agreement.

16.3. Cancellation of Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "The Only Facial" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

16.4. Assignment of Lease. Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Franchised Business Premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Franchised Business Premises, Franchisee shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of the Franchised Business under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this **Section 16.4**, Franchisor shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

16.5. Assignment of Telephone Number. Franchisee must cease using all telephone numbers and directory or other business listings, websites, social media accounts and any other online presence used in connection with the Franchised Business. At Franchisor's option, Franchisee shall assign to Franchisor all rights to such telephone numbers and directory and other business listings, websites, social media accounts and any other online presence, and shall sign all forms and documents required by Franchisor and any third party to effect such transfer. Franchisee hereby appoints Franchisor as Franchisee's true and lawful agent and attorney-in-fact with full power and authority for the sole purpose of taking such action as is necessary to complete such assignment, and Franchisee agrees to execute **Exhibits E** and **H** for such purpose. These powers of attorney shall survive the expiration, termination or Transfer of this Agreement. Franchisee is not entitled to any compensation from Franchisor if Franchisor exercises its rights or options under this **Section 16.5**.

16.6. Subsequent Use of Proprietary Marks or the System Prohibited. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, or use any aspect of the System, either in connection with such other business or the promotion thereof, which, in Franchisor's sole discretion, is likely to cause confusion, mistake or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description or representation (including, but not limited to, reference to the Franchisor, the System or the Proprietary Marks) which, in Franchisor's sole discretion, suggests or represents a present or former association or connection with Franchisor, the System or the Proprietary Marks.

16.7. Payment. Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises operated hereunder at the time of default.

16.8. Liquidated Damages. In the event this Agreement is terminated prior to the end of its term due to Franchisee's default hereunder, or Franchisee's attempt to terminate for any reason not expressly permitted by applicable law, in addition to the amounts set forth in **Section 16.7** above and any other amounts to which Franchisor is entitled under this Agreement or pursuant to applicable law, Franchisee shall promptly pay to Franchisor a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to: (a) the average monthly continuing royalty fee payable by Franchisee under **Sections 4.2**, **4.4** and **4.5** above over the twelve (12) month period immediately preceding the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); and (b) multiplied by the lesser of: (x) thirty-six (36) months, or (y) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Franchisor will incur for Franchisee's pre-mature termination of this Agreement. This lump sum payment shall be in lieu of any damages Franchisor may incur as a result of Franchisee's default, but it shall be in addition to all amounts provided above in **Section 16.7** and any attorneys' fees and other costs and expenses to which Franchisor is entitled under the terms of this Agreement, including, but not limited to, **Section 25.11** below. Franchisee's payment of this lump sum shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies to enforce this Article XVI and the covenants set forth in Article X and Article XII.

16.9. Return Manual. Franchisee shall immediately deliver to Franchisor the Manual and all other records, correspondence and instructions containing Confidential Information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor, and shall retain no copy or record of any of the foregoing, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

16.10. Transfer Websites. Franchisee shall immediately irrevocably assign and transfer to Franchisor or its designee any and all interests Franchisee may have in the Website maintained by Franchisee in connection with the Franchised Business and in the domain name and home page address related to such Website. Franchisee shall immediately execute any documents and perform any other actions required by Franchisor to effectuate such assignment and transfer and otherwise ensure that all rights in such Website revert to Franchisor or its designee, and hereby appoints Franchisor as its attorney-in-fact to execute such documents on Franchisee's behalf if Franchisee fails to do so. Franchisee may not establish any Website using any similar or confusing domain name and/or home page address.

16.11. Pay All Amounts Due to Franchisor. Franchisee shall pay all sums owing to Franchisor and its affiliates within ten (10) days from termination or expiration. In the event of termination for any default of Franchisee, such sums shall include payment of all damages, costs, and expenses, including reasonable attorneys' fees incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property (including, without limitation, signage, equipment, furnishings, furniture, and supplies) owned and used by Franchisee in connection with the Franchised Business at the time of default.

16.12 Franchisor's Option to Purchase Assets. Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the equipment, furnishings, signs and other assets related to, or used in, the operation of the Franchised Business at fair market value or at Franchisee's depreciated book value, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at Franchisee's cost or depreciated book value, whichever is less. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at Franchisor's expense, and the appraiser's determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.

16.13. **Compliance With Covenants.** Franchisee shall comply with the covenants contained in **Sections 10.1** and **17.3** of this Agreement.

ARTICLE XVII. COVENANTS.

17.1. **Best Efforts.** Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member of Franchisee) or Franchisee's fully-trained manager shall devote their full time and best efforts to the management and operation of the Franchised Business.

17.2. **In-Term Covenants.** Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and trade secrets and Confidential Information, including, without limitation, information regarding the operational, 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 or legal entity:

a) Divert or attempt to divert any present or prospective business or customer of any of Franchisor's franchised or affiliate-owned businesses to any business that offers or sells skincare or facials that are the same as or similar to the services being offered by the Franchised Business under the System, 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 Proprietary Marks and the System;

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

c) Own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that offers or sells skincare or facials that are the same as or similar to the services being offered by the Franchised Business under the System.

17.3. **Post-Term Covenants.** Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a Transfer permitted under Article XIV of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this **Section 17.3**; or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (i) offers or sells skincare or facials that are the same as or similar to the services being offered by the Franchised Business under the System, and (ii) is, or is intended to be, located at or within:

a) the Approved Location or Franchisee's Territory;

b) fifteen (15) miles of the Approved Location; or

c) fifteen (15) miles of any business operating under the Proprietary Marks;

provided, however, that **Sections 17.2(c)** and this **Section 17.3** shall not apply to the operation by Franchisee of any business under the System which may be franchised by Franchisor to Franchisee under a written Franchise Agreement.

17.4. No Application to Equity Securities. Section 17.2(c) and **Section 17.3** shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

17.5. Reduction of Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in **Sections 17.2** and **17.3** 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 Article XXIII hereof. In addition to any other remedies available at law or equity, Franchisor shall have the right to injunctive relief for a breach or threatened breach of this Article XVII.

ARTICLE XVIII. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE.

18.1. Franchisee Corporation. If Franchisee is a corporation, Franchisee shall comply with the following requirements:

a) Franchisee shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to operating the Franchised Business;

b) Copies of Franchisee's Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor;

c) Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this **Section 18.1(c)** shall not apply to a publicly-held corporation; and

d) Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and shall furnish the list to Franchisor upon request. Franchisee shall ensure that **Exhibit D** is complete and accurate as of the Effective Date, and that it will promptly notify Franchisor of any changes in the information stated in **Exhibit D**.

18.2. Franchisee Partnership. If Franchisee or any successor to or assignee of Franchisee is a partnership, it shall comply with the following requirements:

a) Franchisee shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto;

b) The partnership agreement shall at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement; and

c) Franchisee shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Franchisee. Franchisee shall ensure that **Exhibit D** is complete and accurate as of the Effective Date, and that it will promptly notify Franchisor of any changes in the information stated in **Exhibit D**.

18.3. Franchisee Limited Liability Company. If Franchisee or any successor to or assignee of Franchisee is a limited liability company, it shall comply with the following requirements:

a) Franchisee shall furnish Franchisor with a copy of its articles of organization and operating agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto;

b) The articles of organization or operating agreement shall at all times note conspicuously that membership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement and

c) Franchisee shall prepare and furnish to Franchisor, upon request, a list of all members in Franchisee. Franchisee shall ensure that **Exhibit D** is complete and accurate as of the Effective Date, and that it will promptly notify Franchisor of any changes in the information stated in **Exhibit D**.

18.4. Guaranty and Indemnification. If Franchisee is a corporation, partnership or limited liability company, or if any successor to or assignee of Franchisee is a corporation, partnership or limited liability company, then all of the owners of a beneficial interest therein and their spouses shall execute a Guaranty, Indemnification, and Acknowledgment in the form attached hereto as **Exhibit F**.

ARTICLE XIX. TAXES, PERMITS, AND INDEBTEDNESS.

19.1. Payment of Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, employer's portion of employment-related taxes (FICA, Medicare and unemployment taxes) and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any state or local taxes, including, without limitation, sales, use, service, occupation, employment related, excise, gross receipts, income, property or other taxes, that may be imposed on Franchisor as a result of Franchisor's receipt or accrual of the initial franchise fee, royalty fees, advertising fees, renewal fees, and all other fees that are referenced in this Agreement, whether assessed against Franchisee through withholding or other means or whether paid by Franchisor directly, unless the tax is credited against income tax otherwise payable by Franchisor. In such event, Franchisee shall pay to Franchisor (or to the appropriate governmental authority) such additional amounts as are necessary to provide Franchisor, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that Franchisor would have received or accrued had such withholding or other payment, whether by Franchisee or by Franchisor, not been required.

19.2. Contesting Taxes. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall

Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

19.3. **Permits and Licenses.** Franchisee shall comply with all federal, state, and local laws, rules, and regulations (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Business), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, aesthetician licenses, licenses to do business, fictitious name registrations, sales tax permits, health permits, building permits, handicap permits and fire clearances. Franchisee shall comply with all federal and state laws.

19.4. **Notification of Adverse Action.** Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

ARTICLE XX. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.

20.1. **Independent Contractor.** Franchisor and Franchisee agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. Franchisee acknowledges and agrees that Franchisor's usual business is offering and selling rights to operate The Only Facial using the Proprietary Marks and System, developing enhancements to the System, and providing assistance to franchisees, and, accordingly, Franchisor's usual business is different from Franchisee's usual business of operating the Franchised Business. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Premises of the Franchised Business, the content of which Franchisor reserves the right to specify.

20.2. **No Authority to Contract.** Nothing in this Agreement authorizes 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; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or Franchisor.

20.3. **Indemnification.** Franchisee shall indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors and employees against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, the business conducted under this Agreement, or Franchisee's breach of this Agreement, including, but not limited to, those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this **Section 20.3** shall survive the termination or expiration of this Agreement. Nothing herein shall preclude Franchisor from choosing its own legal counsel to represent it in any lawsuit or other dispute resolution.

20.4. Force Majeure. If a party's performance of an obligation under this Agreement is rendered impossible, directly and proximately, by riots, terrorist act, war, disaster (such as an earthquake, hurricane, or tornado), health emergency (such as epidemics, pandemic, and quarantines) that, in each case, was not directly or indirectly caused by, contributed to, or exacerbated by any act or omission of that party or anyone acting on behalf of or for the benefit of that party, and such situation could not be remedied, circumvented or otherwise reasonably overcome (a "Force Majeure"), such party's performance of the obligation may be excused for so long as the Force Majeure exists, but not longer than 180 days. This **Section 20.4** shall not excuse a party's obligation to make a payment owed under this Agreement. Franchisee will not, under any circumstances, be excused from its obligations with respect to the use and protection of The Only Facial marks and confidential information, or the restrictions regarding Competitive Businesses. Economic depressions and recessions and other economic downturns are deemed not to be Force Majeure events. The party seeking to invoke a Force Majeure must provide prompt written notice to the other party, including a description of the Force Majeure event, efforts the affected Party has made to mitigate the impact of the Force Majeure event, and efforts to resume performance.

ARTICLE XXI. APPROVALS AND WAIVERS.

21.1. Approvals and Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

21.2. No Warranties or Guarantees. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.3. No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, force, or omission of Franchisor to exercise any power or right arising out of any breach of default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

ARTICLE XXII. NOTICES.

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed by certified or registered mail, postage prepaid, return receipt requested, or sent via a nationally recognized overnight delivery service, or sent by email (with a confirming copy mailed) to the respective parties at the following addresses unless and until a different address and/or email address has been designated by written notice to the other party:

Notices to Franchisor: The Only Facial LLC

2025 South Brentwood, Suite 105

Brentwood, Missouri 63144

Attn: Andrea Erker

Notices to Franchisee: [FRANCHISEE NAME]

[ADDRESS]

Attn: [OWNER/MEMBER]

ARTICLE XXIII. ENTIRE AGREEMENT.

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations in Franchisor's Franchise Disclosure Document.

ARTICLE XXIV. SEVERABILITY AND CONSTRUCTION.

24.1. Severability. If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such section shall not impair the operation of, or have any other effect upon, such other portions, Sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, Sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

24.2. Survival. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination or assignment, including but not limited to Article X, Article XVII and Article XVI.

24.3. No Rights or Remedies Conferred. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, shareholders, agents, and employees, and such of Franchisor's successors and assigns as may be contemplated by Article XIV hereof, any rights or remedies under or by reason of this Agreement.

24.4. Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed 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 or agency order.

ARTICLE XXV. APPLICABLE LAW AND DISPUTE RESOLUTION.

25.1. Agreement to Use Procedure. Except to the extent that Franchisor seeks payments owed by Franchisee to Franchisor or its affiliates, or Franchisor seeks injunctive relief or other equitable relief or specific performance to enforce provisions of this Agreement ("Exempted Disputes"), **Sections 25.2** and **25.3** shall apply to all disputes between Franchisor or its affiliates, owners, officers, directors, and employees and Franchisee and/or Franchisee's owner(s) and/or their affiliates, owners, officers, directors, managers, members, guarantors under the Guaranty attached hereto, and employees, arising out of or relating to this Agreement, including any claim that relates to any alleged omissions occurring prior to execution of the Agreement, and/or to any business relationship that exists, or activities that are conducted as a result of this Agreement or any other agreement entered into among the parties (each, a "Dispute").

25.2 First Meeting of Executives. Before commencing mediation or litigation, the parties shall attempt in good faith to resolve any Dispute promptly by negotiation between executives who have the authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for the administration of this Agreement if such party has a person in a higher level of management than the person with direct responsibility for the administration of this Agreement. Any party may give the other party written notice of any Dispute not resolved in the normal course of business. Within fifteen (15) days after delivery of the notice, the receiving party shall submit a written response to the other party. The notice and response shall include with reasonable particularity: (a) a statement of each party's position and a summary of arguments supporting that position, and (b) the name and title of the one executive who will represent that party in the meeting. This meeting shall be limited to one executive/management person for each party and shall be held in person unless the parties mutually agree otherwise. Within thirty (30) days after delivery of the notice, the executives of both parties shall meet at a mutually acceptable time and place:

a) Unless otherwise agreed in writing by the negotiating parties, the above-described negotiation shall end at the close of the first meeting of executives described above (the "First Meeting"). Such closure shall not preclude continuing or later negotiations if the parties mutually desire;

b) All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in litigation or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation;

c) At no time prior to the First Meeting shall either side initiate litigation or other proceeding related to any Dispute, except that Franchisor may initiate litigation, as set forth in this **Article XXV**, relating to any exempted Dispute, and either party may initiate litigation if the other party refuses to comply with the requirements of this **Section 25.2**.

d) All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this **Section 25.2** are pending and for fifteen (15) calendar days thereafter. The parties will take such action, if any, required to effectuate such tolling; and

e) If the matter is not resolved by negotiation pursuant to this **Section 25.2**, then the matter shall proceed to mediation as set forth in **Section 25.3**.

25.3 Mediation. If a Dispute remains unresolved after the First Meeting, a party shall initiate a mediation process by notifying the other party in writing, describing with specificity the nature of the dispute and the relief sought. The parties agree to conduct the mediation in good faith and in accordance with the then-current Commercial Mediation Procedures of the American Arbitration Association ("AAA"), except to the extent that those rules conflict with this Agreement, in which case this Agreement shall control. However, the mediation need not be administered by the AAA unless the parties cannot agree upon the selection of a mediator within fifteen (15) days of the receipt of the written notice of mediation. If the parties cannot agree upon the selection of a mediator, either party may commence a mediation proceeding by making a request to the AAA, with a copy to the other party. The written request for mediation to the AAA shall also describe with specificity the nature of the dispute and the relief sought. Both parties are required to engage in the mediation in good faith:

a) The mediation process shall begin promptly, but in no event later than thirty (30) days after cessation of negotiations between the parties as set forth in **Section 25.2**, and shall be concluded within forty-five (45) days of the day the request for mediation is made, unless the parties mutually agree otherwise;

b) Mediation shall be private and nonbinding. The mediator shall be neutral and impartial. The fees and expenses of the AAA (or other administrator) and the mediator shall be shared equally by the parties. Each party shall bear its own attorneys' fees and other costs incurred in connection with the mediation irrespective of the outcome of the mediation. The mediator shall be disqualified as a witness, consultant, expert, or counsel for either party with respect to the Dispute and any related matters. At least seven days before the first scheduled session of the mediation, each party shall deliver to the mediator a concise written summary of its position with respect to the Dispute (such as claims or defenses) and such other matters requested by the mediator;

c) Unless the parties agree otherwise, the entire mediation process shall be confidential and without prejudice. The parties and the mediator shall not disclose any information, documents, statements, positions, or terms of settlement. Nothing said or done or provided by the parties in the course of mediation shall be reported or recorded or, except as ordered by a court of competent jurisdiction, placed in any legal proceeding or construed for any purpose as an admission against interest. Nevertheless, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in mediation; and

d) All mediation proceedings shall take place in the city and state where Franchisor's headquarters are located at the time of the mediation. Except where a party seeks injunctive relief, if one party exercises its right to initiate mediation pursuant to this **Section 25.3**, mediation shall be a condition precedent to either party's commencement or pursuit of any action which may be the subject of the Dispute.

25.4. Applicable Law. This Agreement shall be interpreted and construed exclusively under the laws of Missouri. In the event of any conflict of law, the laws of Missouri shall prevail, without regard to the application of conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Missouri and if Franchisee is located outside of Missouri and such provision would be enforceable under the laws of the state in which Franchisee is located, then such provision shall be interpreted and construed under the laws of that state.

25.5. Jurisdiction and Venue. Any action, whether or not arising out of, or relating to, this Agreement, brought by Franchisee (or any principal thereof) against Franchisor shall be brought in the United States District Court for the Eastern District of Missouri or, if such court lacks subject matter jurisdiction, in a state court located in St. Louis County, Missouri. Franchisor shall have the right to commence an action against Franchisee in any court of competent jurisdiction. Franchisee hereby waives all objections to personal jurisdiction or venue for purposes of this **Section 25.5** and agrees that nothing in this **Section 25.5** shall be deemed to prevent Franchisor from removing an action from state court to federal court.

25.6. No Exclusivity. 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 cumulative of every other right or remedy.

25.7. Waiver of Right to Jury Trial and Punitive Damages. FRANCHISOR AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS: (A) FRANCHISOR AND FRANCHISEE HEREBY EXPRESSLY AND IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING; AND (B) FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

25.8 Waiver of Class Actions. Any disagreement between Franchisee and Franchisor (including its affiliates and owners) will be considered unique as to its facts and must not be brought as a class action, and Franchisee waives any right to proceed against Franchisor (and its affiliates, officers, directors, members, employees, agents, successors, and assigns) by way of a class action, or by way of a multi-plaintiff consolidated or collective action.

25. 9. Limitation of Claims. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR, OR FRANCHISEE'S OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY FRANCHISEE AGAINST FRANCHISOR, SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED.

25.10. Injunctive Relief. Nothing herein contained (including, without limitation, **Sections 25.2**, **25.3** or **25.5** above) shall bar Franchisor's right to obtain injunctive relief from a court of competent jurisdiction against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

25.11. Costs and Expenses. Franchisee shall pay to Franchisor all damages, costs, and expenses, including all court costs, mediation costs, and reasonable attorney's fees, and all other expenses incurred by Franchisor in enforcing any obligation under, or in defending against any claim, demand, action, or proceeding related to or arising under, this Agreement, including, but not limited to, the obtaining of injunctive relief.

ARTICLE XXVI. FRANCHISEE'S ACKNOWLEDGEMENTS AND REPRESENTATIONS.

26.1. Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, the ability of its principals) as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

26.2. **Acknowledgement of Receipt.** Franchisee acknowledges that it received Franchisor's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or Franchisee paid any money to Franchisor. Franchisee further acknowledges that it received a complete copy of this Agreement, the attachments hereto, and all related agreements attached to the Franchise Disclosure Document, and that Franchisee waited at least seven (7) calendar days prior to executing them if any changes to such agreements were unilaterally and materially made by Franchisor.

26.3. **Acknowledgement of Understanding.** Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

26.4. **Compliance with Anti-Terrorism Laws.** Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or Blocked Person. "Specially Designated National" or "Blocked Person" shall mean: (1) those persons designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national" or "blocked person" or similar status; (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the Order; or (3) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business. Currently, a listing of such designations and the text of the Order are published at the Internet website address, www.ustreas.gov/offices/enforcement/ofac. Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is a Specially Designated National or Blocked Person, and that Franchisee: (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity. Franchisee agrees that Franchisee shall immediately provide written notice to Franchisor of the occurrence of any event which renders the representations and warranties in this **Section 26.4** incorrect.

26.5. **Site Approval.** Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, 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. Franchisor's approval of a 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 may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee 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.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK.
SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate on the date first above written.

[FRANCHISEE]

By: ________________________________
Name: ________________________________
Title: ________________________________

THE ONLY FACIAL, LLC

By: ________________________________
Name: ________________________________
Title: ________________________________

EXHIBIT A. TO FRANCHISE AGREEMENT

APPROVED LOCATION AND FRANCHISEE'S TERRITORY

Approved Location. The Approved Location under the Franchise Agreement shall be:

Franchisee's Territory. Franchisee's Territory under this Agreement shall consist of the following geographic area described below:

[A 5-mile radius around the Approved Location]

THE ONLY FACIAL, LLC

By: ______________________________
Name: ______________________________
Title: ______________________________

____
Witness/Attest

[FRANCHISEE]

By: ______________________________
Name: ______________________________
Title: ______________________________

____
Witness/Attest

EXHIBIT B. TO FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

The Only Facial, LLC (hereinafter the "Franchisor") and [FRANCHISEE] (hereinafter "Franchisee"), have this date, _____________, entered into a certain The Only Facial Franchise Agreement (the "Franchise Agreement") and desire to supplement its terms, as set forth below. The parties hereto therefore agree as follows:

1. Within ninety (90) days after Franchisee's execution of the Franchise Agreement, Franchisee shall obtain a site, at Franchisee's expense, for The Only Facial ("Franchised Business") franchised under the Franchise Agreement, which premises shall be approved by Franchisor as hereinafter provided. The premises shall be within the following territory ("Site Selection Territory"):

   [TERRITORY DESCRIPTION]

2. Failure by Franchisee to obtain premises for the Franchised Business within the time required in Paragraph 1 hereof shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Franchisor shall not establish, nor franchise another to establish, a The Only Facial within the Site Selection Territory until Franchisor approves a location for the Franchised Business, or until the time set forth in Paragraph 1 hereof expires, whichever event first occurs.

4. Prior to Franchisee's acquisition by lease or purchase of a site for the Franchised Business, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee agrees that Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 4, to Franchisor for its approval within sixty (60) days after execution of this Site Selection Addendum. Franchisor shall have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Franchised Business. No proposed site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

5. Franchisor shall furnish to Franchisee the following:

   a) Such site selection guidelines and consultation as Franchisor deems advisable; and

   b) Such on-site evaluation as Franchisor deems advisable as part of its evaluation of Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information or materials required by Paragraph 4 hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor, Franchisor shall conduct up to two (2) on-site evaluations at Franchisor's expense. For each additional on-site evaluation (if any), Franchisee shall reimburse Franchisor for Franchisor's reasonable expenses, including, without limitation, the costs of travel, lodging and meals.

6. If Franchisee will occupy the premises of the Franchised Business under a lease, Franchisee shall, prior to the execution thereof; (1) execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the forms attached as **Exhibit G** to the Franchise Agreement; and (2) submit the lease to Franchisor for its approval. Franchisor's approval of the lease may be conditioned upon the inclusion of the following terms and conditions:

   a) That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than ten (10) years;

b) That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Franchised Business;

c) That the use of the premises be restricted solely to the operation of the Franchised Business;

d) That Franchisee be prohibited 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) That lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

f) That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

g) That Franchisor (or Franchisor's designee) has the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

7. Franchisee shall furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

8. After a site for the Franchised Business has been approved in writing by Franchisor and obtained by Franchisee pursuant to Paragraph 4 hereof, the site shall constitute the Approved Location referred to in **Section** 1.2 of the Franchise Agreement.

9. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, 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. Franchisor's approval 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 may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee 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.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate on the date first above written.

[FRANCHISEE]

By: ________________________________
Name: ________________________________
Title: ________________________________

THE ONLY FACIAL LLC

By: ________________________________
Name: ________________________________
Title: ________________________________

EXHIBIT C. TO FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

(For execution by Franchisee's managers and other personnel having access to Franchisor's Confidential Information.)

In consideration of my position as ___________________________ of ___________________________ (the "Franchisee"), and One Dollar, receipt of which is acknowledged, I hereby acknowledge and agree that:

1. The Only Facial, LLC (the "Franchisor"), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment, operation, and promotion of skin-care and facials, and all of which may be changed, improved and further developed by Franchisor from time to time (the "System").
2. As an employee of the Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to the Franchisor and the Franchisee, such as information relating to the Manual, procedures, customer lists, drawings, materials, or equipment of the Franchisor and the System related to the establishment and operation of The Only Facial, which are beyond the present skills and experience possessed by me ("Confidential Information"). This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Franchisee.
3. I will hold in strict confidence all confidential information of Franchisor provided to me. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee. My undertaking not to disclose Confidential Information is a condition of my position with the Franchisee, and continues even after I cease to be in that position.
4. While in my position with the Franchisee, I will not do anything which may injure the Franchisee or the Franchisor, such as: (a) divert or attempt to divert any present or prospective business or customer of any The Only Facial to any competitor, by direct or indirect inducement or otherwise; (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's marks and the System; or (c) employ or seek to employ any person who is at that time been employed by the Franchisor or any franchisee of the Franchisor (including the Franchisee), or otherwise directly or indirectly induce such person to leave his or her employment.
5. While in my position with the Franchisee and for two (2) years after I cease to be in my position with the Franchisee, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advise to, or have any interest in (as owner or otherwise) any business that: (a) offers or sells skin-care or facials that are the same as or similar to the products being offered by The Only Facial under the System; and (b) is, or is intended to be, located at or within: (1) the Franchisee's Territory, the boundaries of which I acknowledge have been described to me; (2) a radius of fifteen (15) miles from the premises of the Franchisee's franchised business; or (3) a radius of fifteen (15) miles of any business operating under the Franchisor's marks.
6. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and I agree to pay the Franchisor and the Franchisee all the costs it/they incur/s, including, without limitation, attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim I have against the Franchisor or the Franchisee is a separate matter and

does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

7. The Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof, and I agree to comply with any covenant as so modified.

8. This Agreement shall be construed under the laws of the State of Missouri. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

ACKNOWLEDGED BY FRANCHISEE:

By: ______________________________
Signature: ______________________________
Name: ______________________________
Title: ______________________________
Address: ______________________________
Date: ______________________________

EXHIBIT D. TO FRANCHISE AGREEMENT

DISCLOSURE OF PRINCIPALS

(To be completed if Franchisee is a Corporation, Partnership, or Limited Liability Company only)

1. Date: ______________________

2. Franchisee Contact. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

   Name: _____________________________________

   Address: _____________________________________

   ____

   Daytime Telephone No: _____________________________________

   Evening Telephone No:_____________________________________

   Facsimile No: _____________________________________

   E-mail Address: _____________________________________

3. Franchisee Owners. The undersigned agree and acknowledge that the following is a complete list of all of the shareholders, partners, or members ("Owners") of Franchisee and the percentage interest of each individual:

Name	Position	Interest (%)
_________________	________________	____
________________	_________________	____
_________________	________________	____
_________________	_________________	____

4. Change in Owners. Franchisee acknowledges and agrees that any proposed change in the Owners listed in Paragraph 3, above, shall require Franchisor's prior written consent in accordance with the terms of Article XIV of the Franchise Agreement.

IN WITNESS WHEREOF, the undersigned has duly executed this Disclosure of Principals on the date first above written.

[FRANCHISEE]

By: _________________________________
Name: _________________________________
Title: _________________________________

____
Witness/Attest

EXHIBIT E. TO FRANCHISE AGREEMENT

ASSIGNMENT OF TELEPHONE NUMBERS, FACSIMILE NUMBERS, EMAIL ADDRESSES, URLS, AND SOCIAL MEDIA ACCESS CREDENTIALS; SPECIAL POWER OF ATTORNEY

1. _________________________ [Franchisee's legal name] ("you"), to induce THE ONLY FACIAL, LLC ("we or us") to grant you a franchise, hereby assign to us all telephone numbers, facsimile numbers, email addresses, URLs and online and social-media resources and access credentials, where you advertise, publicize, or otherwise make yourself known to customers or the public in the operation of a The Only Facial business, both now and in the future, in the assigned territory where the The Only Facial business is operated.

2. This assignment will automatically become effective immediately upon issuance of a notice of termination (meaning termination, expiration, or nonrenewal of your Franchise Agreement) for your The Only Facial business. When the term of your Franchise Agreement is terminated, you agree to do whatever is necessary to cause the companies providing service to your The Only Facial business to promptly transfer your telephone number(s), facsimile number(s), email address(es), URL(s), online and social media resources and associated directory and any other listings to us or our designee.

3. You agree to pay such service providers, on or before the date when the term of your Franchise Agreement is terminated, all amounts you owe them in connection with the service, account, listing, directory, resources, or directories as the case may be. You further agree to indemnify us for any amounts, obligations, or expenses, including legal fees that we must pay the service providers before the service providers will carry out this assignment.

4. You appoint us as your attorney-in-fact to sign any documents and do anything(s) necessary to carry out this assignment if you fail to sign or to do them within three (3) business days after the date of a notice of termination or other expiration or termination of the term of your Franchise Agreement. You further agree to indemnify us for any expenses, including reasonable attorneys' fees, that we incur which would not have been incurred if you had performed as promised under this assignment.

Dated: ______________________

____

By:____

Name: ____________________________________

Its:____

EXHIBIT F. TO FRANCHISE AGREEMENT

GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGEMENT

As consideration for and an inducement to The Only Facial, LLC ("Franchisor") to execute the Franchise Agreement between Franchisor and [FRANCHISEE] ("Franchisee") dated ____________ (the "Franchise Agreement"), the undersigned guarantors ("Guarantors") jointly and severally, enter into this Guaranty, Indemnification, and Acknowledgement ("Agreement") and unconditionally guaranty to Franchisor and its successors and assigns that all of Franchisee's obligations, including but not limited to, all payment and other financial requirements under the Franchise Agreement shall be timely paid and performed. This Agreement is an independent contractual Agreement of Guarantors which may be enforced by Franchisor without pursing any remedy or recourse against Franchisee.

Upon demand by Franchisor, the undersigned shall immediately make each payment to Franchisor required of Franchisee under the Franchise Agreement. The undersigned hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee prior to proceeding with any legal or equitable remedies it may have against the Guarantors under the Franchise Agreement or Agreement. Any default under the Franchise Agreement shall constitute a default under this Agreement and permit any and all legal or equitable actions by Franchisor to enforce the terms of this Agreement and the Franchise Agreement and seek recovery from the Guarantors of any amounts due Franchisor under this Agreement or the Franchise Agreement. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of any amendment of the Franchise Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Franchise Agreement.

The undersigned Guarantors hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Articles X and XVII of the Franchise Agreement.

This Agreement shall terminate upon the termination or expiration of the Franchise Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Franchise Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor shall be bound by this Agreement, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other Guarantors shall continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Agreement shall have the same meaning as in the Franchise Agreement, and shall be interpreted and construed in accordance with Article XXV of the Franchise Agreement. This Agreement shall be interpreted and construed under the laws of the State of [state]. In the event of any conflict of law, the laws of [state] shall prevail, without regard to, and without giving effect to, the application of the State of [state] conflict of law rules. The Guarantors further agree that any lawsuit or other action filed by Franchisor to enforce the terms of this Agreement or the Franchise

Agreement shall be brought in the United States District Court for the Eastern District of Missouri, or, if that court does not have jurisdiction, in the state circuit court located in St. Louis County, Missouri, which shall have exclusive jurisdiction. The Guarantors confirm and agree that they shall not contest jurisdiction or venue as forum non conveniens or for any other reason.

GUARANTORS FURTHER AGREE TO WAIVE ANY RIGHT TO A JURY TRIAL FOR ANY LAWSUIT OR ACTION BROUGHT BY FRANCHISOR TO ENFORCE THE TERMS OF THIS AGREEMENT OR THE FRANCHISE AGREEMENT.

The Guarantors agree that the dispute resolution and attorney fee provisions in Article XXV of the Franchise Agreement are hereby incorporated into this Guaranty by reference, and references to "Franchisee" and the "Franchise Agreement" therein shall be deemed to apply to "Guarantors" and this "Guaranty," respectively, herein. In addition, and as part of the incorporation in this paragraph, Guarantors agree that they shall pay all of Franchisor's attorneys' fees and costs incurred in enforcing any provisions of this Agreement or the Franchise Agreement, whether or not any lawsuit or other action is filed to enforce the terms of this Agreement or the Franchise Agreement.

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which afford the sender evidence of delivery or rejected delivery, to the respective parties at the address set forth in Article XXII of the Franchise Agreement, unless and until a different address has been designated by written notice to the other party.

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date of the Franchise Agreement.

GUARANTORS

Owners:

____

Print Name: ________________________________

____

Print Name: ________________________________

Spouses:

____

Print Name: ________________________________

____

Print Name: ________________________________

THE STATE OF ______________________)

)

COUNTY OF _________________________)

BEFORE ME, the undersigned authority, on this day personally appeared ____________________ of ________________________, known to me to the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he/she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of______________, 20___.

____

Notary Public

My Commission Expires:

THE STATE OF ______________________)

)

COUNTY OF _________________________)

BEFORE ME, the undersigned authority, on this day personally appeared ____________________ of ________________________, known to me to the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he/she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of______________, 20___.

____

Notary Public

My Commission Expires:

EXHIBIT G. TO FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to The Only Facial, LLC, a Missouri limited liability company (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as **Exhibit 1** (the “Lease”) respecting premises commonly known as ____ (“Assignment”). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a The Only Facial between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

By: ________________________________
[Print Name]

WITNESS:

____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty-(30-) day period the defaults, if any, of Assignor under the Lease;

Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED:

LESSOR:

By: ________________________________

Print Name: ________________________________

EXHIBIT H. TO FRANCHISE AGREEMENT

IRREVOCABLE POWER OF ATTORNEY

That ___________________________ ("FRANCHISEE") does hereby irrevocably constitute and appoint THE ONLY FACIAL, LLC ("TOF"), FRANCHISEE'S true and lawful attorney-in-fact and agent for FRANCHISEE and in FRANCHISEE'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 TOF, shall be necessary or advisable for the sole purpose of assigning to TOF all of FRANCHISEE'S right, title and interest in and to any and all telephone numbers used in connection with the The Only Facial business operated by FRANCHISEE and all related Yellow Pages, White Pages (whether in print, digital, or other form) and other business listings, including, 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 to FRANCHISEE, and 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 TOF, shall be necessary or advisable for the sole purpose of assigning to TOF all of FRANCHISEE'S right, title and interest in and to any Internet and website pages, name and domain name listings and registrations, and social media accounts that contain the marks, or any of them, in whole or in part, hereby granting unto TOF full power and authority to do and perform any and all acts and things which, in the sole discretion of TOF, are necessary or advisable to be done as fully to all intents and purposes as FRANCHISEE might or could itself do, and hereby ratifying and confirming all that TOF 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 FRANCHISEE has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with TOF shall be required to ascertain the authority of TOF nor be responsible in any way for the proper application of funds or property paid or delivered to TOF. Any person, firm or corporation dealing with TOF shall be fully protected in acting and relying upon a certificate of TOF that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and FRANCHISEE shall 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 FRANCHISEE by TOF shall be deemed to include such a certificate on the part of TOF, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated of even date herewith by and between TOF and FRANCHISEE. Such termination, however, shall not affect the validity of any act or deed that TOF 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 an interest and such Power of Attorney shall not be affected by the subsequent disability or incapacity of the principal.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Irrevocable Power of Attorney as of the ____ day of __________, 20____.

FRANCHISEE:

____

By:_____________________________________

Name:___________________________________

Title:____________________________________

THE STATE OF ______________________)
)
COUNTY OF __________________________)

BEFORE ME, the undersigned authority, on this day personally appeared ____________________ of ________________________, known to me to the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he/she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of______________, 20___.

____

Notary Public

My Commission Expires:

EXHIBIT D

TRAINING AGREEMENTS

Training Fee Agreement

AGREEMENT

At The Only Facial, our training plays a vital role in delivering a "wow" experience at every touchpoint. Our priority is to ensure each trainee has a thorough understanding of The Only Facial services and the client experience. This Training Agreement ("Agreement") is made and entered into as of ___________________[Date], by and between The Only Facial LLC [Company Name] located at 2025 South Brentwood Blvd, Suite 105 and ____[Franchisee].

SCOPE OF WORK

- Work with recruiter to open up position on Jobscore. Conduct 1st interview and pass along qualified candidates
- Signature Facial given to the trainee prior to start date to fully understand the client experience
- Provide trainees with the Aesthetician Manual to use during their employment
- 2 Week Training Program with a minimum of 22 training facials
- Welcome Lunch on First day of training
- Complete Reiki Level 1
- Staff Assessment of trainee twice during training session
- Provide Business Cards for trainees to take home with them

COMPENSATION

____ shall compensate The Only Facial LLC $2,500 per trainee. Payments will be made monthly when invoiced. The training fee does **not** include travel, lodging, per diem costs or payroll during aesthetician's training. Corporate reserves the right to cancel or reschedule training sessions due to unforeseen circumstances. Franchisee and trainees agree to maintain confidentiality regarding any proprietary information shared during training. All trainees must adhere to Corporate's guidelines and policies throughout the training process.

ACCEPTANCE

By signing below, franchisee acknowledges their understanding and acceptance of the terms outlined in this Agreement.

Franchisee:

Name ____

Signature____

Training Liability Waiver

By signing below, I acknowledge and agree to the following terms as a condition of my participation in The Only Facial Training Program.

1. **Assumption of Risk**
   I understand that participation in the training course may involve physical activity, travel, and other inherent risks. I voluntarily assume full responsibility for any risks of loss, property damage, personal injury, or other harm that may arise during the course or related activities.

2. **Release of Liability**
   I hereby release, waive, and discharge the organizers, instructors, sponsors, and affiliated organizations from any and all liability, claims, demands, actions, or causes of action arising out of or related to any loss, damage, or injury that may be sustained during the course or while participating in any program-related activity.

3. **Travel Outside Assigned Training Course Times**
   I understand and agree that any travel, personal activities, or time spent outside of the officially scheduled training course sessions are undertaken at my own risk. The organizers and affiliated entities bear no responsibility or liability for incidents, injuries, or losses occurring during such times.

4. **Compliance with Rules**
   I agree to follow all program rules, guidelines, and instructions. Failure to comply may result in my dismissal from the program without refund or reimbursement.

By signing below, participant acknowledges their understanding and acceptance of the terms outlined in this waiver.

Participant Name: ____
Signature: ____
Date: ____

EXHIBIT E

STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

California

Department of Financial Protection and Innovation
State of California
320 West 4th Street
Suite 750
Los Angeles, California 90013
(213) 576-7500
(866) 275-2677

Hawaii

Hawaii Commissioner of Securities
State of Hawaii Dept Commerce & Consumer Affairsp
Business Registration Division – Securities Compliance Branch
335 Merchant St, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Franchise Bureau
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Franchise Section
Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of the Attorney General
Securities Division
State of Maryland
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Michigan

Franchise Unit
State of Michigan
Department of Attorney General
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Franchise Section
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

New York

Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

North Dakota

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

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

Rhode Island

Division of Securities
State of Rhode Island
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 222-3048

South Dakota

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

State Corporation Commission
Division of Securities & Retail Franchising
Commonwealth of Virginia
1300 E. Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Department of Financial Institutions
Securities Division
State of Washington
P.O. Box 41200
Olympia, Washington 95804-1200
(360) 902-8760

Wisconsin

Division of Securities
Department of Financial Institutions
Wisconsin Commissioner of Securities
P.O. Box 1768
Madison, Wisconsin 53701-1768
(608) 266-8559

EXHIBIT F

AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
State of California
Suite 750
320 West 4th Street
Los Angeles, CA 90013-2344

Hawaii

Hawaii Commissioner of Securities
State of Hawaii Dept Commerce & Consumer Affairs
Business Registration Division – Securities Compliance Branch
335 Merchant St, Room 203
Honolulu, Hawaii 96813

Illinois

Office of Attorney General
State of Illinois
500 South Second Street
Springfield, IL 62706

Indiana

Secretary of State
State of Indiana
201 State House
200 W. Washington St.
Indianapolis, IN 46204

Maryland

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan

Michigan Department of Commerce
Corporation & Securities Bureau
6546 Mercantile Way
Lansing, MI 48909

Minnesota

Commissioner of Commerce
Minnesota Department of Commerce
Franchise Section
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

Missouri

Kathryn B. Forster
12312 Powerscourt Dr Ste 200
Saint Louis, MO 63131-3615

New York

Secretary of State
State of New York
41 State Street
Albany, NY 12231

North Dakota

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

Oregon

Department of Consumer and Business Services
Division of Finance and Corporate Securities
State of Oregon
350 Winter Street, N.E., Room 21
Portland, OR 97310

Rhode Island

Director of Business Regulation
Department of Business Regulation
Division of Securities
State of Rhode Island
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Franchise Administration
Division of Securities
Department of Revenue and Regulation
State of South Dakota
124 S. Euclid Ave., Suite 104
Pierre, SD 57501-2000

Virginia

Clerk of the State Corporation Commission
Commonwealth of Virginia
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington

Director of Financial Institutions
Securities Division
State of Washington
150 Israel Rd., S.W.
Olympia, WA 98501

Wisconsin

Commissioner of Securities
Wisconsin Securities Commission
345 W. Washington Ave., 4th Floor
Madison, WI 53703

EXHIBIT G

EXISTING FRANCHISEES

TOF Evansville, LLC
6225 E. Virgina Street, Suite B
Evansville, Indiana 47715
(812) 370-0520

Joyce TOF, LLC
1020 South 74th Plaza
Omaha, Nebraska 68114
(402) 915-0303

Mindak, LLC
1400 Forum Blvd., Suite #2
Columbia, Missouri 65203
(573) 810-5060

TOF Dallas White Rock LLC
718 North Buckner Blvd, Suite 304
Dallas TX 75218
(469) 482-9110

TOF Overland Park, LLC
7048 W. 135th St.
Overland Park, KS 66223
(913) 717-8003

Arch Aesthetics LLC
7186 S Union Park Avenue, Suite A
Midvale, UT 84047
(801) 730-9771

SOMF II Enterprises, LLC
1050 Glenbrook Way, Suite 150
Hendersonville, TN 37075
(615) 451-8207

TOF Indianapolis LLC
3742 E 82nd St. Indianapolis, IN 46240
(317) 643-9599

Company-owned or affiliate-owned locations:

The Only Facial LLC
2025 S. Brentwood Blvd, Suite 215
Brentwood MO 63144
(314) 202-6690

TOF Clayton LLC
8027 Clayton Road
Clayton MO 63117
(314) 462-2165

TOF Des Peres LLC
1183 Colonnade Center
Des Peres MO 63144
(314) 876-8078

TOF Springfield LLC
1200 East Woodhurst Drive, A400
Springfield MO 65804
(417) 427-5050

TOF Beale Street LLC
1650 Beale Street, Unit 145
St Charles MO 63303
(636) 896-5250

TOF Sunset Hills LLC
3828 South Lindbergh, Suite 103
Sunset Hills MO 63127
(314) 686-7117

TOF University City LLC
614 North and South
St Louis MO 63130
(314) 876-6095

TOF Frontenac LLC
727 Old Frontenac Square
Frontenac MO 63131
(314) 499-1001

TOF Vista LLC
1058 Old Des Peres Rd

Saint Louis, MO 63131
(314) 287-3470

EXHIBIT H

FORMER FRANCHISEES

None.

EXHIBIT I

STATE ADDENDUMS TO FDD

MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT (FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Addendum pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. For franchises sold in such states, this franchise disclosure document is amended by adding the following section at the end of Item 9:

> "No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of a franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires application of the laws of the state of Missouri. This provision may not be enforceable under California law.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your Franchise Agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Neither the Franchisor nor any person listed in Item 2 of this franchise disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

Section 25.9 of the Franchise Agreement limits the statute of limitations to the lesser of one year after the date of discovery of the facts or two years after the date of the first act or omission giving rise to the claim. This provision is void to the extent it is inconsistent with the provisions of Corporations Code 31303- 31304. Corporations Code Section 31512 provides that "Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this law or any rule or order is void."

OUR WEBSITE IS WWW.THEONLYFACIAL.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. Item 17 of the Franchise Disclosure Document is amended by the addition of the following language at the beginning thereof:

"Notice Required By Law

> THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 - 705/20."

2. The provisions of the Illinois Franchise Disclosure Act of 1987 (the "Act") shall supersede any provisions of the Franchise Agreement or Missouri law which are in conflict with the Act.

3. The provisions of Section 27 of the Act supersede the provisions of Section 25.9 of the Franchise Agreement that set a limitation period of the lesser of one year after the date of discovery of the facts or two years after the date of the first act or omission giving rise to the claim, to the extent that claims are brought under Section 26 of the Act.

4. Nothing in Section 25.7 of the Franchise Agreement waives any rights you may have under Section 41 of the Illinois Franchise Disclosure Act of 1987.

5. The provisions of Section 4 of the Act supersede Section 25.5 of the Franchise Agreement which provides for venue in a forum outside of Illinois.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

1. Item 17.c ("Requirements for franchisee to renew or extend") and Item 17.m ("Conditions for franchisor approval of transfer") of the Franchise Disclosure Document are amended to provide that "The requirement that you provide a general release of all claims against us in order to renew or transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Item 17.g ("Cause defined – curable defaults") of the Franchise Disclosure Document is amended to provide that "Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law."

3. Item 17.v ("Choice of forum") in the Franchise Disclosure Document is amended to provide that "Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Nothing in the Franchise Disclosure Document or in the Franchise Agreement is intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

5. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17.t ("Integration/merger clause"), summary column, is amended by deleting the last sentence and substituting the following:

> "However, nothing in the Franchise Agreement or any related agreement is intended to disclaim, or require you to waive reliance on, any representations we made in the Franchise Disclosure Documents or its exhibits that we furnished to you."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The Minnesota cover page is amended to add the following statements:

> **"THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**
>
> **THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE LICENSE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE."**

2. The following language is added to Item 13 of the Franchise Disclosure Document and Section 20.3 of the Franchise Agreement:

> "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise,

> settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

3. Item 17 of the Franchise Disclosure Document and Section 15.1 of the Franchise Agreement are amended as follows:

> "With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified 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."

4. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

5. Item 17 of the Franchise Disclosure Document is amended to add the following and the following language will appear at the end of Section 25.5 of any Franchise Agreement issued in the State of Minnesota:

> "Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J prohibits waiver of a jury trial. Accordingly, Item 17 of the Franchise Disclosure Document and Section 25.5 of the Franchise Agreement are amended as follows:

> "Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Item 17 of the Franchise Disclosure Document and Section 25.5 of the Franchise Agreement are amended as follows:

> "Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J."

8. These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq*., Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended.

9. A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

10. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Marks.

11. Section 25.9 of the Franchise Agreement is amended by adding the following:

> "Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NEW YORK FRANCHISE LAW

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and

Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" section of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. The Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE LAW

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE RHODE ISLAND FRANCHISE DISCLOSURE ACT

Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE VIRGINIA RETAIL FRANCHISE ACT

The following paragraph is added at the end of Item 17:

> "Virginia has a statute which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: Virginia [Code 13.1-557 to 574]. Under §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT LAW

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

<u>16.</u> **<u>Questionnaires and Acknowledgments</u>.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

<u>17.</u> **<u>Prohibitions on Communicating with Regulators</u>.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

<u>18.</u> **<u>Advisory Regarding Franchise Brokers</u>.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

<u>19.</u> **<u>Surety Bond.</u>** If franchisor does not fulfill its pre-opening obligations to franchisee, franchisee may make a claim against the surety bond posted by franchisor, and placed on file with the Washington Department of Financial Institutions, Securities Division.

<u>20.</u> **<u>Liquidated Damages.</u>** Subpart (x) of Section 16.8 of the Franchise Agreement is hereby amended so that it shall read as follows: "(x) will equal the average weekly Royalty Fees that Franchisee owed to The Only Facial LLC during the full weeks that Franchisee operated the Business."

EXHIBIT J

STATE ADDENDUMS TO FRANCHISE AGREEMENT

MULTI-STATE AMENDMENT
TO FRANCHISE AGREEMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Amendment pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where none of the jurisdictional requirements of any state law adopting the SOP are met does not subject the parties to the provisions of the SOP, as set forth in this Amendment, or otherwise. If the law of a jurisdiction that has adopted the SOP applies, and only then, anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated ___________ ______, 20__, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

> "No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	______________________________
By: ________________________	By: ________________________
Name: ________________________	Name: ________________________
Its: ________________________	Its: ________________________
Date: ________________________	Date: ________________________

CALIFORNIA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of California that are subject to the California Franchise Investment Law (the "Act") and is for the purpose of complying with California statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act, as set forth in this Amendment, or otherwise. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated ______________________, will be amended as follows:

1. The following language is added as new Section 26.6 of the Franchise Agreement:

> "No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise, except for the "Entire Agreement" provision in Section 20.1 of the Franchise Agreement."
>
> Notwithstanding anything to the contrary in this Agreement, and to the extent required by California Corporations Code Section 31512.1, any provision in this Agreement, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Franchise Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the Act [that will be a reference to the California franchise law]; is void and will not be enforced by Franchisor."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	______________________
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Its: ______________________	Its: ______________________
Date: ______________________	Date: ______________________

ILLINOIS AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _________________, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Illinois law shall supersede any provisions of the Franchise Agreement or Missouri law which are in conflict with the law.

2. Nothing in Section 26.1 of the Franchise Agreement waives any rights Franchisee may have under Section 41 of the Illinois Franchise Disclosure Act of 1987, which provides:

> "Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

3. Section 25.5 of the Franchise Agreement is amended to provide that venue shall be in an appropriate Illinois court of general jurisdiction or United States District Court in Illinois.

Dated: _________________________

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	_________________________
By: _________________________	By: _________________________
Name: _________________________	Name: _________________________
Its: _________________________	Its: _________________________

MARYLAND AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the "Act") and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated ___________. 20___, will be amended as follows:

1. The following language is added to Section 14.3.e of the Franchise Agreement:

   ", except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to Section 2.2.g of the Franchise Agreement:

   ", except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

3. The following language is added to the end of Section 25.5 of the Franchise Agreement:

   "Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

4. The following language is added to the end of Section 25.9 of the Franchise Agreement:

   "all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise."

5. The following language is added to Section 26.1 of the Franchise Agreement:

   "Representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	______________________________
By: ________________________	By: ______________________________
Name: ________________________	Name: ______________________________
Its: ________________________	Its: ______________________________
Date: ________________________	Date: ______________________________

MINNESOTA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the "Act") and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated ________________, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 8.2.h of the Franchise Agreement is amended to add the following language.

   "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

2. Section 15.3 of the Franchise Agreement is amended to read as follows:

   "At the election of Franchisor, Franchisor may terminate the Agreement effective upon the expiration of 90 days after giving of written notice in the event Franchisee defaults, and does not cure to Franchisor's reasonable satisfaction within the 60-day notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any six month period, and any subsequent occurrence of the same or substantially similar default within such six month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure."

3. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. Section 15.1 of the Franchise Agreement is amended as follows:

> "With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified 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."

5. Section 25.5 of the Franchise Agreement is amended as follows:

> "Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J. prohibits waiver of a jury trial. Accordingly, Section 25.5 of the Franchise Agreement is amended as follows:

> "Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Minn. Rule 2860.4400J. prohibits requiring a franchisee to consent to liquidated damages.

8. Section 25.9 of the Franchise Agreement is amended to add the following:

> "Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement as of the day and year set forth above.

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	______________________________
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Its: ______________________	Its: ______________________
Date: ______________________	Date: ______________________

NEW YORK AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____________, ______, hereby agree that the Franchise Agreement will be amended as follows:

1. Franchisor and Franchisee are parties to that certain The Only Facial Franchise Agreement dated _________________________, ___ that has been signed concurrently with the signing of this Amendment. This Amendment is annexed to and forms part of the Franchise Agreement. This Amendment is being signed because: (a) you are a resident of the State of New York and your Franchise will operate in New York; and/or (b) the offer or sale of the license occurred in New York.

2. The following is added as a new Section 15.5 of the Franchise Agreement:

> "Franchisee may terminate this Agreement upon any grounds available at law."

3. The following is added to Section 25.7 of the Franchise Agreement:

> "This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	______________________________
By: ________________________	By: ________________________
Name: ________________________	Name: ________________________
Its: ________________________	Its: ________________________
Date: ________________________	Date: ________________________

NORTH DAKOTA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The Franchise Agreement between __________________________ ("Franchisee" or "You") and _________________ ("Franchisor") dated as of _______________, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each

such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on ___________________, 20___.

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	________________________________
By: ________________________	By: ________________________
Name: ________________________	Name: ________________________
Its: ________________________	Its: ________________________

RHODE ISLAND AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the "Act") and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated ____________, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Dated: __________________, _____.

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	______________________________
By: ________________________	By: ________________________
Name: ________________________	Name: ________________________
Its: ________________________	Its: ________________________

VIRGINIA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _________________, ___, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 15.1 of the Franchise Agreement is amended by adding the following language:

> "§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

Dated: _________________________

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	_________________________
By: _________________________	By: _________________________
Name: _________________________	Name: _________________________
Its: _________________________	Its: _________________________

WASHINGTON AMENDMENT
TO FRANCHISE AGREEMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result,

any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Liquidated Damages.** Subpart (x) of Section 14.5(a) of the Franchise Agreement is hereby amended so that it shall read as follows: "(x) will equal the average weekly Royalty Fees that Franchisee owed to THE ONLY FACIAL LLC during the full weeks that Franchisee operated the Business."

Dated: ___________________, _____.

Franchisor:	Franchisee:
THE ONLY FACIAL LLC	_______________________________
By: _________________________	By: _________________________
Name: _________________________	Name: _________________________
Its: _________________________	Its: _________________________

EXHIBIT K

RECEIPTS

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 The Only Facial, 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.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Only Facial, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit E.

The franchisor is The Only Facial, LLC, located at 2025 S. Brentwood Blvd., Suite 215, Brentwood, MO 63144. Its telephone number is (314) 202-6690.

The franchise seller is Andrea Erker, located at 2025 S. Brentwood Blvd., Suite 215, Brentwood, MO 63144 whose telephone number is (314) 202-6690; is Maggie Poling, located at 2025 S. Brentwood Blvd., Suite 215, Brentwood, MO 63144 whose telephone number is (314) 202-6690; or is ________________________, located at ____ whose telephone number is _______________.

The issuance date is April 1, 2025, materially amended as of October 8, 2025. The effective dates are on an exhibit preceding this receipt.

The Only Facial, LLC authorizes the respective state agencies identified on Exhibit F to receive service of process for it in the particular state.

I have received a disclosure document dated _________________that included the following Exhibits:

Exhibit A — Financial Statements

Exhibit B — Table of Contents of Manuals

Exhibit C — Franchise Agreement

Exhibit D – Training Agreements

Exhibit E — State Administrators

Exhibit F — Agents for Service of Process

Exhibit G — Existing Franchisees

Exhibit H — Former Franchisees

Exhibit I – State Addendums to FDD

Exhibit J – State Addendums to Franchise Agreement

Exhibit K— Receipts

Date: ___________________

Prospective Franchisee

By: ____
Name: ____

Individually and on behalf of the following entity:

Company Name: ____
Title: ____

RETAIN THIS COPY FOR YOUR FILES

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Exhibit E — State Administrators	Exhibit K— Receipts
Exhibit F — Agents for Service of Process	

Date: ____________________

Prospective Franchisee

By: ____
Name: ____

Individually and on behalf of the following entity:

Company Name: ____
Title: ____

RETURN THIS COPY TO US