FRANCHISE DISCLOSURE DOCUMENT

THE WOODHOUSE
day spa®

The Woodhouse SPAS, LLC
a Texas limited liability company
~~One O'Connor Plaza, 1st Floor~~
~~Victoria, Texas 77901~~
300 Union Boulevard, Suite 600
Lakewood, Colorado 80228
Phone: 877-570-7772
info@woodhousespas.com
www.woodhousespas.com

~~The franchise is for the establishment and operation of a day spa~~As a Woodhouse Day Spa franchisee, you will establish and operate a franchised business ~~which~~that provides massage therapy, facials, pedicures, manicures, and body treatments and offers and sells various lines of retail products ~~(~~under the "Woodhouse Day Spa" ~~or "Spa")~~trade name and business system.

The total investment necessary to begin operation of one Woodhouse Day Spa ~~is between $808,250 and $985,000~~franchised business ranges from $1,231,617 to $1,833,067. This includes $~~102,500~~60,000 that must be paid to ~~us and/~~the franchisor or ~~our~~its affiliate(s). If you sign a ~~Development Agreement~~development agreement to develop two franchised businesses, you must also pay a development fee ~~equal to $48,000~~of $35,000 in addition to the initial franchise fee for the first ~~Spa~~franchised business to be developed ~~plus 50% of~~under the development agreement, but no initial franchise fee ~~for each additional Spa to be developed. The pro rata portion of the development fee allocable to each Spa will be credited against the initial franchise fee due for that Spa.~~ will be due for your second franchised business to be developed under the development agreement. You must develop two franchised businesses under a development agreement.

This disclosure document summarizes certain provisions of your ~~Franchise Agreement~~franchise agreement and ~~Development Agreement~~development agreement, and any 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 Ben Jones at 300 Union Boulevard, Suite 600, Lakewood, Colorado 80228 and 877-570-7772.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 ("FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

~~Date of~~ Issuance Date: ~~August 13~~May 7, ~~2020~~2021

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Woodhouse Day Spa business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Woodhouse Day Spa franchisee?	Item 20 or Exhibits D and E 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*

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

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

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

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

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

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

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

Some States Require Registration

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

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 and development agreement require you to resolve disputes with the franchisor by mediation or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitate, or litigate with the franchisor in Texas than in than in your own state.

2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

4. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from franchisor, its affiliates, or from suppliers that franchisor designates at prices that the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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.

ADDENDUM TO THE WOODHOUSE SPAS LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

(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 a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) a provision that permits a franchisor to terminate a franchise prior to the expiration of its 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 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 services.

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

The address for notices to the Michigan Attorney General is: Department of the Attorney General Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 1st Floor, 525 W. Ottawa Street, Lansing, MI 48909; 517-373-7117.

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

~~The Franchisor, and any Parents, Predecessors, and Affiliates~~

~~The franchisor is The Woodhouse SPAS, LLC f/k/a The Woodhouse SPAS Corporation, referred to~~

To simplify the language in this disclosure document ~~as~~, the terms "we," "us," ~~or~~ "our~~.~~," or "franchisor" mean The Woodhouse SPAS, LLC ("Woodhouse Day Spa"). We refer to the person interested in buying the franchise as "you" or "your." If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. ~~These will be addressed in this disclosure document where appropriate.~~

The Franchisor, and any Parents, Predecessors, and Affiliates

We were initially incorporated in Texas on March 21, 2003 as The Woodhouse SPAS Corporation, and effective June 30, 2020, converted to a Texas limited liability company as part of a corporate restructuring. Our principal business address is ~~One O'Connor Plaza, 1st Floor, Victoria, Texas 77901~~300 Union Boulevard, Suite 600, Lakewood, Colorado 80228. We do business under our corporate name and under the name "The Woodhouse Day Spa". Our agent for service in Texas is CT Corporation System with a principal address of 1999 Bryan ~~St.~~Street, ~~Ste.~~Suite 900, Dallas, ~~TX~~Texas 75201. Our agents for service of process in the states which require franchise registration are listed in Attachment B.

We sell franchises for day spa businesses that do business under the mark "The Woodhouse Day Spa" ("Spas"). We began offering franchises on August 21, 2003. We are not engaged in any other businesses and have never offered franchises in any other lines of business. We do not operate any Woodhouse Day Spas.

We are a wholly owned ~~subsidary~~subsidiary of Woodhouse Gatherings, LLC, formerly known as Sola Holdco, LLC, which is a Delaware limited liability company formed on June 11, 2020. Woodhouse Gatherings, LLC acquired all of the equity ownership interests in The Woodhouse SPAS, LLC on July 2, 2020. Woodhouse Gatherings, LLC~~'s~~ shares our principal business address ~~is 300 Union Boulevard, Suite 600, Lakewood, Colorado 80228~~. Woodhouse Gatherings, LLC has never ~~offered~~offered franchises in this or any other line of business.

Woodhouse Gatherings, LLC ~~is also under contract to acquire~~owns all of the membership interest in Do What You Love I, LLC ("DWYL I") and Do What You Love II, LLC ("DWYL II") ~~and anticipates closing on said transaction during the calendar year 2020~~. Since May 2016, DWYL I and DWYL II have each owned and operated one (1) Spa each in San Antonio, Texas ("Company-Owned Spas"). DWYL I and DWYL II have never offered franchises in this business or any other line of business. DWYL I and DWYL II share our principal place of business.

Woodhouse Gatherings, LLC is a wholly owned subsidiary of ~~Sola Holdco~~Radiance Holdings, LLC, ~~which is~~ a Delaware limited liability company formed on August 30, 2018. ~~Sola Holdco~~Radiance Holdings, LLC~~'s~~ shares our principal business address ~~is 300 Union Boulevard, Suite 600, Lakewood, Colorado 80228. Sola Holdco~~. Radiance Holdings, LLC has never offered franchises in this business or any other line of business.~~.~~

~~Sola Holdco~~Radiance Holdings, LLC, is also the parent company of our affiliates, Sola Franchise, LLC ("Sola Franchising") and Sola Salon Studios LLC ("SSS LLC"). Sola Franchising offers franchises that license individual turn-key salon studios to independent salon professionals under the trade name "Sola Salon Studios" using a unique system of build-out ("Sola Franchises"). Sola Franchising is a Colorado limited liability company formed on January 2, 2018. Sola Franchising offers Sola Franchises under the name "Sola Salon Studios" since February 2018. Sola Franchising's predecessor and former parent, Sola Franchise Corporation n/k/a Let's Ride Corporation ("SFC"), was incorporated under the laws of Colorado on March 31, 2005. SFC offered Sola Franchises from March 2005 until December 31, 2017. Sola

Franchising acquired substantially all of SFC's franchise assets and assumed all of SFC's existing franchise agreements on January 19, 2018. Sola Franchising does not do business under any other name. Sola Franchising~~'s~~ shares our principal business address~~ is 300 Union Boulevard, Suite 600, Lakewood, Colorado 80228~~. Sola Franchising has never offered franchises in any other line of business. As of December 31, ~~2019~~2020, there were ~~484~~542 Sola Franchises operating in the United States (~~459~~512 franchisee owned and ~~25~~30 company-owned). Sola Franchising has not engaged in any other type of business activity.

Our affiliate, SSS LLC, is a Colorado limited liability company formed on August 25, 2003. SSS LLC shares our principal business address~~ with Sola Franchising~~. SSS LLC has never offered franchises in this or any other line of business. As of December 31, 2020, there SSS LLC owns ~~13~~16 Sola Franchises in Colorado, which are operated by Sola Franchising (or SFC) on behalf of SSS LLC since 2004.

Our affiliate, ~~SSS CA~~Sola Salon Studios California, LLC, a Colorado limited liability company formed on July 17, 2018 ("SSS CA LLC"), is a wholly owned subsidiary of SSS LLC. SSS CA LLC shares ~~a~~our principal business address~~ with Sola Franchising~~. SSS CA LLC has never offered franchises in this or any other line of business. As of December 31, 2020, SSS CA LLC owns 14 Sola Franchises in California. Sola Franchising has operated ~~11 of~~ the Sola Franchises on behalf of SSS CA LLC since January 2019~~, 1 of the Sola Franchises on behalf of SSS CA LLC since April 2019, 1 of the Sola Franchises on behalf of SSS CA, LLC since March 2020, and 1 of the Sola Franchises on behalf of SSS CA, LLC since June 2020~~.

Sola Franchising has two wholly owned subsidiaries: Sola Salon Studios International, LLC ("Sola International") and Sola Salon Studios Canada, Inc. ("Sola Canada").

Sola International is a Colorado limited liability company formed on July 28, 2017. Sola International shares ~~Sola Franchising's~~our principal business address. Sola International offers Sola Franchises outside of the United States and Canada. Sola International has never offered franchises in any other line of business. As of December 31, ~~2019~~2020, there is 1 Sola Franchises operating outside of the United States and Canada. ~~Sola Franchising has not engaged in any other type of business activity.~~

Sola Canada is a Canadian corporation organized under the laws of the province of Quebec on June 9, 2016. The principal business address of Sola Canada is 1 Place Ville-Marie #4000, Montreal, Quebec, Canada H3B 4M4. Sola Canada offers Sola Franchises in Canada. ~~There~~Sola Canada has never offered franchises in any other line of business. As of December 31, 2020, there are ~~four (~~4~~)~~ Sola Franchises operating in Canada.

Sola Franchising, SSS LLC, SSS CA LLC, Sola Canada, and Sola International are collectively referred to as the "Radiance Affiliated Brands."

~~We~~Except as otherwise described above, we have no predecessors, no other parents, and no other affiliates that are required to be disclosed in this Item, offer franchises in any line of business, or provide products or services to ~~the~~our franchisees~~ of the franchisor~~.

The Franchise

We sell franchises for the right to establish and operate ~~Woodhouse Day~~ Spas under the Woodhouse Day Spa system (the "System"). The System includes distinctive exterior design, signs, color scheme, standards and specifications for products, inventory, and supplies; uniform standards, hours of operation, specification and procedures for operations; procedures for management and quality control; marketing, advertising, and accounting systems; training and assistance.

You must operate your ~~Woodhouse Day~~ Spa under the ~~"~~Woodhouse Day Spa~~"~~ mark and use other trade names, service marks, trademarks, logos, and other symbols we designate (or may later designate) in writing for use in the System.

~~The~~ Our franchise agreement (the "Franchise Agreement ~~(Exhibit C")~~, the current form of which is attached to this disclosure document~~)~~ as Exhibit C, gives you the right to establish and operate ~~1~~one Spa at a specified location within ~~the~~ a designated, non-exclusive geographic area ("Designated Area").

We may require your current and future Principals (as defined in the Franchise Agreement) to sign a Principals' Guaranty and Assumption Agreement ("Guaranty"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. Those of your Principals who are not required to sign the Guaranty will each sign a Confidentiality Agreement and Ancillary Covenant Not to Compete, with Principals' undertakings, in the form attached to the Franchise Agreement. (See Item 15.)

~~On June 9, 2011, we began offering Regional Developer franchises. Regional Developers solicit and screen prospective franchisees for, and assist us in providing certain services to, Woodhouse Day Spa franchisees. We no longer offer Regional Developer franchises, but if your Territory is serviced by one of our existing Regional Developers, the Regional Developer will provide certain services to you. Currently, Regional Developers do not have any management responsibility for sales or operation of the franchise system.~~

The Franchise Agreement requires you to designate an "Operating Principal." Your Operating Principal is the main individual responsible for your business. If you are an individual, you will be the Operating Principal. If you are not an individual, you must designate someone who meets our requirements and whom we approve to be your Operating Principal. Your Operating Principal will sign the Guaranty.

We also offer qualified applicants the right to enter into a development agreement (the "Development Agreement"), the current form of which is attached to this disclosure document as Exhibit B, to develop ~~2 or more~~two (2) Spas within a specifically described geographic area (the "Territory"). The size of the Territory will vary depending upon local market conditions ~~and the number of Spas to be developed~~. (See Item 12.) The development Territory will be determined before executing the Development Agreement and will be described in Exhibit E to the Development Agreement. If you sign a Development Agreement, you will have the exclusive right to open Spas in the Territory until the expiration or earlier termination of your Development Agreement. Development Agreements and the rights under Development Agreements may not be transferred or assigned without our prior written consent, which we may grant or deny in our sole determination.

If you sign a Development Agreement, you must develop ~~the number of~~two (2) Spas ~~contemplated by the Development Agreement~~ in the Territory according to a development schedule ~~and~~that we establish in our sole determination (generally, you will have 18 months from signing your Development Agreement to open your first Spa and an additional 12 months thereafter to open your second Spa). You must enter into a separate Franchise Agreement for each Spa you establish. The Franchise Agreement for the first Spa developed under the Development Agreement will be in the form of Exhibit C to this disclosure document and will be executed at the same time as the Development Agreement. For each additional Spa developed under the Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, except that the initial franchise fees will be as provided in the Development Agreement, and the royalty and advertising expenditure percentages will be the same as those in the Franchise Agreement at Exhibit C to this disclosure document.

The person or entity executing the Development Agreement is the "Developer." The Development Agreement also contains concepts like "Principals" and "Operating Principal" that are similar to those in the Franchise Agreement. The Operating Principal for all Woodhouse Day Spas that you (and, if applicable, your affiliates) operate must be the same person, and the Operating Principal under the Development Agreement and any Franchise Agreement executed under the Development Agreement must be the same person.

In this disclosure document, the terms "Principals" "and "Operating Principal" include those persons having similar obligations identified in both the Development Agreement and Franchise Agreement, and the terms "you" and "your" also include the developer under the Development Agreement, unless we have noted otherwise. Any reference to the "Agreements" means the Development Agreement and the Franchise Agreement, as applicable.

Competition

The market for day spa services is not fully developed, but is, nevertheless, competitive. There is competition for management personnel, service providers, and for attractive commercial real estate sites suitable for spas. You must expect to compete with other day spas and other competing concepts. Competitors may be locally-owned or large regional or national chains. The day spa business is also affected by changes in consumer taste, demographics, traffic patterns and economic conditions.

Industry-Specific Regulation

You must comply with all laws, rules, and regulations governing the operation of the Spa and obtain permits and licenses necessary to operate the Spa. Your state or locality may require you to obtain permits and/or licenses in order to provide day spa services. Specifically, some states require that day spas obtain special cosmetology and health department licenses and permits. You will be responsible for ensuring compliance with all requirements. You also will be required to comply with federal, state, and local laws applicable to businesses generally. You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Christina K. Russell

Christina K. Russell has served as our Chief Executive Officer since July 2020~~, in Lakewood, Colorado~~. Since June 2019, she has also served as Chief Executive Officer of ~~Sola Holdco~~Radiance Holdings, LLC, and each of the Radiance Affiliated Brands~~, in Lakewood, Colorado~~. Prior to joining us, Ms. Russell served as the Chief Executive Officer for Pure Barre, located in Denver, Colorado, from March 2018 until December 2018. From July 2014 until March 2018, she served as President for Camp Bow Wow, located in Broomfield, Colorado.

Chief Legal Counsel~~,~~ and Chief Development Officer~~, President, Treasurer, and Secretary~~: Ben Jones

Ben Jones has served as our Chief Legal Counsel, Chief Development Officer, President, Treasurer, and Secretary since July 2020~~, in Lakewood, Colorado~~. Mr. Jones has also served as Chief Development Officer of Sola Franchising since January 2020, Chief Development Officer of Sola International since July 2017, Chief Legal Counsel of Sola Franchising, SSS LLC, SSS CA LLC, and Sola International since July 2020, and President of Sola Canada since June 2016~~, in Lakewood, Colorado~~. Mr. Jones has served as Vice President, Assistant Treasurer, and Secretary to ~~Sola Holdco~~Radiance Holdings, LLC, Sola Franchising, SSS LLC, SSS CA LLC, and Sola International since October 2018~~, in Lakewood, Colorado~~. Previously, Mr. Jones served as General Counsel of Sola Franchising from January 2018 to July 2020, General Counsel of Sola International from July 2017 to July 2020, General Counsel of SSS LLC from June 2012 to July 2020, and General Counsel of SSS CA LLC from July 2018 to July 2020. From January 2018 to October 2018, he served as Chief Development Officer of Sola Franchising. From July 2017 to October 2018, Mr. Jones served as General Counsel and Chief Development Officer of SFC. He also served as SFC's Co-Chief Executive Officer from January 2015 until July 2017. From June 2012 until October 2018, Mr. Jones also served as Executive Vice President of SSS LLC.

Chief Financial Officer: Nathan Jensen

Nathan Jensen has served as our Chief Financial Officer since July 2020~~, in Lakewood, Colorado~~. Since August 2019, he has also served as Chief Financial Officer and Treasurer of ~~Sola Holdco~~Radiance Holdings, LLC and each of the Radiance Affiliated Brands~~, in Lakewood, Colorado~~. Prior to joining us, Mr. Jensen served as the Chief Financial Officer for Infinite Care LLC, located in Englewood, Colorado, from August 2016 until August 2019. From November 2015 until August 2016, he served as Director of Finance for ClosetBox, Inc., located in Denver, ~~Colorado. From December 2010 until November 2015, Mr. Jensen served as Regional Division Controller for Waste Connections, Inc., located in Centennial,~~ Colorado.

Chief Operating Officer: Susan Hern

Susan Hern has served as our Chief Operating Officer since July 2020~~, in Victoria, Texas~~. Prior to joining us, from May 2018 to July 2020, Ms. Hern served as Vice President of Operations, Learning and Development Training for Nothing Bundt Franchising, LLC in Plano, Texas. From March 2015 to May 2018, she served as Director of Operations for Nothing Bundt Franchising, LLC in Plano, Texas. ~~From September 2014 to March 2015, Ms. Hern was a consultant for Links of London in New York, New York.~~

Director of Franchise Development: Lori Merrall

Lori Merrall has served as our Director of Franchise Development since July 2020~~, in Lakewood, Colorado~~. In addition, since December 2019, Ms. Merrall has served as Director of Franchise Development of Sola Franchising~~, in Lakewood, Colorado~~. Prior to joining us, Ms. Merrall served as Senior Director of Franchise Development for BrightStar Care Franchising, located in Gurnee, Illinois, from August 2016 until October 2019. From April 2015 until August 2016, she served as Director of Franchise Development for Dessange International, located in Boston, Massachusetts. ~~From April 2010 until March 2015~~

Director of Franchise Development: Amanda Katherine Gray

Amanda Gray has served as our Director of Franchise Development since February 2021. Prior to joining us, Ms. ~~Merrall~~Gray served as ~~Director of~~ Franchise Sales and Support Manager for ~~Massage Envy~~Nothing Bundt Franchising, ~~located in Scottsdale, Arizona~~LLC in Addison, Texas, from December 2019 until January 2021. From April 2014 until December 2019, she served as Sales and Education Executive for Walgreens Boot Alliance, located in New York, New York and Dallas, Texas.

~~Vice President of Marketing: Paul Erdelt~~

~~Paul Erdelt has served as our Vice President of Marketing since January 2011, in Victoria, Texas.~~

~~Director of Training, Research and Development: Lynda Torrey~~

~~Lynda Torrey has been our Director of Training, Research and Development since January 2005, in Victoria, Texas. Lynda is a practitioner of Ayurvedic medicine, graduating from The Open International University for Complementary Medicines, Faculty of Medical Studies at Medicina Alternativa Institute through The Ayurvedic Institute in Worcester, Massachusetts. Lynda is also a registered massage therapist, a licensed esthetician, a certified reflexologist, a certified aromatherapist, and a spa therapist~~

Director of Operations and Vendor Partnerships: Jonathan Will

Jonathan Will has served as our Operations and Vendor Partnerships since October 2020. Prior to joining us, Mr. Will served as Senior Regional Spa Manager, Central for Equinox in Dallas, Texas from August 2017 until October 2020. From July 2016 until July 2017, he served as Regional Spa Manager, Northern California for Equinox in San Francisco, California. From September 2015 until June 2016, he served as Field Energy Consultant/Specialist for SolarCity in San Mateo, California.

Director of Learning and Strategic Communications: Erin Edling

Erin Edling has served as our Director of Learning and Strategic Communications since October 2020.

Prior to joining us, Ms. Edling served as Operations Services - Communications & Project Management for Nothing Bundt Cakes, LLC in Dallas, Texas from January 2018 until April 2020. From June 2012 until November 2017, she served as Training & New Initiatives – Dickey's Barbecue Restaurants in Dallas, Texas.

Unless otherwise stated above, each of the individuals listed in Item 2 currently maintains an office at our headquarters in Lakewood, Colorado.

ITEM 3
LITIGATION

Pending Matters: None

Former Litigation:

The Woodhouse Spas Corporation vs. Teddy D. Lester, Ricky Marshall, and Victoria Clark; Cause No. 17-02-80677-C, in the 377th District Court, Victoria County, Texas: On February 24, 2017, we filed suit against Defendants Teddy D. Lester ("Lester") (one of our former employees and a former owner of a Woodhouse Spas franchise) and Ricky Marshall for, among other things, theft of trade secrets. On April 7, 2017, we amended the petition and added Victoria Clark ("Clark"), a Woodhouse Spas franchisee and multi-unit developer, seeking temporary and permanent injunctions, unspecified damages, and attorneys' fees and court costs; and bringing claims against Lester and Clark, among others, for misappropration, disclosure, theft, and/or misuse of our trade secrets and confidential and proprietary information and violation of our non-compete provisions. On May 10, 2017, Clark and her entity, Clark Hospitality Group, LLC filed an answer to our first amended petition and asserted counterclaims seeking unspecified damages for fraud, negligent misrepresentation, fraud by non-disclosure, and violation of the Texas Deceptive Trade Practices Act, plus attorneys' fees, and court costs. The parties settled the matter on September 11, 2017, and as part of the settlement, we paid Clark $125,000. The matter was dismissed with prejudice on September 15, 2017.

The Woodhouse Spas Corporation v. Cheryl Calina Burns et al; Lead Adversarial Proceeding 3:19-ap-90036 in Connection with Lead Bankruptcy Proceeding 3:19-bk-1059; in the U.S. Bankruptcy Court for the Middle District of Tennessee, Nashville Division. On February 11, 2019, ~~the Company~~we gave notice of the termination of two franchise agreements. ~~The Company~~We terminated the first franchise agreement for failure to operate the Spa in compliance with ~~the Company's~~our standards for sanitation and repair. Because the franchisee failed to cure the non-compliance defaults, the franchisee's second franchise agreement was subject to cross-default and termination, and ~~the Company~~we terminated the second franchise agreement. The first franchise agreement was between ~~the Company~~us and Calina, LLC, under which the franchisee through Cheryl Calina Burns (~~"~~"Burns~~"~~") operated a Woodhouse Day Spa located in Franklin, Tennessee. The second franchise agreement was between ~~the Company~~us and Women of Wellness Enterprises, LLC, under which the franchisee through Burns operated a Woodhouse Day Spa located in Chattanooga, Tennessee. On February 16, 2019, Calina, LLC and Women of Wellness Enterprises, LLC each filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code, and on February 22, 2019, Cheryl Calina Burns, the owner of the entities described above, filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. On February 25, 2019, Burns, Calina, LLC, and Women of Wellness Enterprises, LLC (collectively, "Tennessee Franchisee") filed a Complaint against ~~the Company~~us claiming, among other things, improper termination of the franchise agreements and breach of contract, in which Tennessee Franchisee sought a declaratory judgment regarding its claims. Tennessee Franchisee continued to operate each Spa under "The Woodhouse Day Spa" name and trademarks and continued to use ~~the Company's~~our proprietary and confidential information. On February 25, 2019, ~~the Company~~we filed a complaint against Tennessee Franchisee seeking a declaratory judgment as to the proper termination of both franchise agreements and seeking temporary and permanent injunctions to prevent Tennessee Franchisee from unlawfully operating the Spas, unlawfully using ~~the Company's~~our trademarks, misappropriating ~~the Company's~~our confidential information and trade secrets, and violating

the non-competition provisions of the franchise agreements. The ~~Company and Tennessee Franchisee's~~parties' competing requests for declaratory judgments and injunctive relief were heard on February 26, 2019, and the bankruptcy court granted Tennessee Franchisee's request for a temporary injunction maintaining the status quo until trial on the merits. After months of negotiations, the ~~Company and the Tennessee Franchisee~~parties entered into a Settlement Agreement and Mutual Release (~~"~~"Settlement Agreement~~"~~"), which was approved by the bankruptcy court on December 4, 2019 (~~"~~"Effective Date~~"~~"). Another party (Kim Trull) who was involved in a business dispute with Burns was also a party to the Settlement Agreement. ~~Among other terms,~~As part of the Settlement Agreement ~~provided that the Company~~, we agreed to pay Tennessee Franchisee $25,000 by December 10, 2019~~ and~~. Among other terms, the Settlement Agreement also provided that: (i) the parties dismiss with prejudice all claims by and between the parties in the bankruptcy cases and adversarial proceedings described above and release any and all claims, potential claims, and claims that could have been brought by and between the parties, except those related to the Settlement Agreement; (ii) both franchise agreements terminated on December 5, 2019; (iii) the Regional Developer Agreement between ~~the Company~~us and BHAGS LLC transferred to Kim Trull on December 5, 2019; (iv) the Tennessee Franchisees may operate independent spas in the same locations as their Woodhouse Day Spas; (v) the Tennessee Franchisee must take steps to avoid marketplace confusion with the Woodhouse Marks; (vi) for the 18-month period following the Effective Date, the Tennessee Franchise must refrain from opening or operating a spa within a 5-mile radius of the existing Woodhouse Day Spa in Midtown; (vii) ~~the Company~~we must refrain from opening and operating a spa within a 5 -mile radius of Tennessee~~'~~ Franchisee's existing spas in Franklin and Chattanooga unless Tennessee Franchisee elects not operate independent spas at the existing spa locations; (viii) neither party may solicit nor hire employees of the other or otherwise interfere with employee relationships for the 18-month period following the Effective Date; (ix) the parties jointly communicate about the brand change to Franklin and Chattanooga gift card holders; (x) the Tennessee Franchisee offer gift card holders an even exchange for a new gift card at their independent spa until December 4, 2023 without reimbursement from ~~the Company~~us; (xi) the Tennessee Franchisee reimburse ~~the Company~~us in an amount not to exceed $75,000 for any gift cards previously issued by the Franklin or Chattanooga Spas that are exchanged or redeemed at other Woodhouse Spa locations, or are refunded by ~~the Company~~us through December 4, 2023, and (xii) the Tennessee Franchisee~~'~~'s gift card obligations constitute an allowed administrative expense under the Bankruptcy Code that will not be discharged by the bankruptcy case and will survive confirmation of any plan in the bankruptcy case.

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

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us a $~~48,000~~55,000 initial franchise fee when you sign the Franchise Agreement~~. If you are signing the~~ ("Initial Franchise ~~Agreement under a Development Agreement, we will credit the pro rata portion of the development fee allocable to each Spa against the initial franchise fee due for that Spa. We may negotiate~~Fee"). The current Initial Franchise Fee is uniform. In the past, the amount of the initial franchise fee ~~in our sole discretion. In determining whether an adjustment is warranted, we consider factors like the size and experience of the franchisee, whether we have previously dealt with the franchisee, the impact of market forces in a given location, and other relevant circumstances~~could differ based on various

factors, including the number of locations to be opened by the franchisee, whether the franchise agreement was for an additional location for an existing franchisee, the length of time the franchisee had been associated with us or any of our affiliates, and size and location of the territory under any development agreement. During our fiscal year ended December 31, 2020, the initial franchise fees paid to us ranged from $24,000 to $48,000.

Initial Training Fee

You must pay us an initial training fee in the amount of $5,000 ("Initial Training Fee") for your Operating Principal and General Manager to attend our initial training program. The Initial Training Fee must be paid prior to attending our initial training program, and such training must be completed before your Spa opens for business. You will be solely responsible for all of your and your employees' expenses for attending our initial training program, including expenses like travel, lodging, meals, and wages.

Development Fee

~~If you sign a Development Agreement, you must pay a development fee when you sign the Development Agreement equal to $48,000 for the first Spa to be developed plus 50% of the initial franchise fee for each additional Spa to be developed. As described above, the pro rata portion of the development fee allocable to each Spa will be credited against the initial franchise fee due for that Spa. The development fee is calculated the same for all franchisees entering into Development Agreements under this offering, but the actual dollar amount paid will vary depending on the number of Spas you must develop.~~

If you sign a Development Agreement, you must pay us a development fee of $35,000 ("Development Fee"). You must develop two (2) Spas under a Development Agreement. If you sign a Development Agreement, you will be required to execute our then-current form of Franchise Agreement for each Spa developed under the Development Agreement. The Franchise Agreement signed concurrently with the Development Agreement will be for the first Spa you develop under the Development Agreement. You must pay the Initial Franchise Fee (in addition to the Development Fee) for the first Spa you develop under the Development Agreement. For the second Spa you develop under the Development Agreement, you will be required to sign our then-current form of franchise agreement. No Initial Franchise Fee will be due for the second Spa developed under the Development Agreement.

The ~~development fee and initial franchise fee are not refundable.~~Initial Franchise Fee, Initial Training Fee, and Development Fee are not refundable.

~~Spa Kit~~

~~When you sign the Franchise Agreement, you must purchase a "Spa Kit" from us, which includes certain furnishings, merchandising items, decor items, private label inventory, and printed pieces. The cost of the Spa Kit is $36,000 and is fully earned when paid and is not refundable.~~

~~Website Development and Set-up Fee~~

~~When you sign the Franchise Agreement, you must pay us a one-time $2,000 Website development and set-up fee to build a Webpage for your Spa that will, among other things, promote your Spa and permit customers to purchase gift cards online. This Website development and set-up fee is fully earned when paid and is not refundable.~~

~~Online Reservation System Set-up Fee~~

~~When you sign the Franchise Agreement, you must pay us a one-time $2,000 online reservation system set-up fee. The online reservation system set-up fee is fully earned when paid and is not refundable.~~

~~Operations and Financial Systems Set-up Fee~~

~~When you sign the Franchise Agreement, you must pay us a one-time $500 operations and financial systems set-up fee. This fee is fully earned when paid and is not refundable.~~

~~Construction Management Services Fee~~

~~You must use our in-house construction management team to provide construction management services in connection with the development of your Spa. When you sign the Franchise Agreement, you must pay us a one-time payment of $14,000 for these services. This fee is fully earned when paid and is not refundable.~~

ITEM 6
OTHER FEES

Type of Fee(1)	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales	On or before each Tuesday for the preceding week.	See Note 2 for the definition of Gross Sales. We require you to pay the royalty fee by electronic funds transfer.
~~Advertising Assessment (including~~ Advertising Fund ~~contribution and local advertising requirement)~~Contribution	2% of Gross Sales	The Fund contribution is due on or before each Tuesday for the preceding week. ~~Payments for local advertising are due when billed by the local advertiser.~~	See Note 2 for the definition of Gross Sales. ~~Currently, 0.25% of the Advertising Assessment is allocated to the Fund and 1.75% to local advertising. We may require you to allocate differing amounts to local advertising (individually or through a cooperative) or to the Fund.~~ We require you to pay the Advertising ~~Assessment~~Fund contribution by electronic funds transfer.
Local Advertising Expenditures	1.75% of Gross Sales	You must spend this minimum amount each quarter on local advertising. If you fail to do so, we may collect such unspent amounts, which is due upon invoice, and deposit such amounts into the Advertising Fund.	See Note 2 for the definition of Gross Sales.
Technology Management Fee	Currently, $475 per month	When billed.	This fee covers~~, among other things, Website maintenance, ongoing access to the online reservation system, and email hosting and maintenance. A portion of the technology fee is passed through to vendors~~ franchisors internal costs associated with managing the various technical platforms and business tools. We may increase this fee as our costs to provide these management services increase.

Type of Fee(1)	Amount	Due Date	Remarks
Additional Opening Assistance	Varies	When billed.	We provide 2 on-site visits in connection with the opening of your Spa. We may charge you a fee and require you to reimburse us for our costs of providing additional opening assistance.
System Merchandise for Resale	~~Our cost, plus shipping and handling charges~~Varies	On demand.	We may ~~provide~~sell to you ~~at cost~~ certain collateral merchandise for resale that identifies the system (for example, caps and t-shirts).
~~Marketing and Communications Software~~	~~Currently, $300 per month~~	~~When billed.~~	~~You must pay the software supplier we require (currently, Demand Force) a monthly software fee in the amount they require. The amount you are required to pay is determined by the software provider.~~
Booking and Point of Sale Software License Fee	~~Currently, $99 to~~ $400 per month	When billed.	You must pay ~~us our costs or~~ our designated supplier the amount they charge ~~for these services~~to license such software. We reserve our right to require you to sublicense required software directly from us and, if so, pay a license fee to us.
Late Payments and Interest	$100 per day and 18% per year or the maximum lawful rate	On demand.	We may impose a late fee and charge interest on all overdue amounts.
Initial Training Fee	$5,000	Before attending initial training.	Fee is for your Operating Principal and General Manager to attend initial training. You must also pay the expenses of your personnel to attend training, including travel, lodging, meals, and wages.
Additional Training	At our option, a reasonable fee based on our costs of providing ~~the~~additional training	~~Before additional training.~~When billed.	You must also pay the expenses of your personnel attending training.

Type of Fee(1)	Amount	Due Date	Remarks
On-site Remedial Training	The then-current per diem fee for remedial training, plus costs. Our current per diem rate is $250	When billed.	If you ask or if we believe it is appropriate, we will (subject to availability) provide trained representatives to conduct on-site remedial training at your Spa.
~~Fee for Non-Attendance of~~ Annual Convention	Up to $~~300 per day~~1,000 per person	When billed.	We may charge a fee up to $1,000 per person to attend our annual franchisee convention. If you fail to attend our annual franchisee convention, we may charge you a fee up to $~~300 per day for each person that was required to attend the meeting and failed to do so~~1,000 regardless of attendance.
Transfer Fee	$5,000, plus our reasonable costs and expenses associated with the transfer including training costs, legal and accounting fees	With transfer application.	There is no fee if an individual or partnership transfers rights to a corporation controlled by the same interest holders or for a transfer of a non-controlling interest in you by a Principal not signing the Guaranty.
Securities Offering Fee	$3,000, plus our reasonable costs and expenses associated with the proposed offering	When billed.	We limit our review to the manner in which the offering materials treat your and our relationship.
Renewal Fee	~~50% of our then-current initial franchise fee~~$12,750	Signing of renewal franchise agreement.	You must give us at least 6 months and not more than 9 months notice to renew and meet other renewal conditions.
Inspection and Testing	Cost of inspection, if applicable, and cost of test	When billed.	Before approving a supplier, we may require you to pay the cost of testing the supplier's products and inspecting its facilities.
Gift Card Fee	Varies	On demand.	On termination or expiration of the Franchise Agreement, you must pay us an amount equal to 50% the total outstanding balance of all coupons, gift cards, gift certificates and vouchers issued by the Spa as of the date of termination or expiration.
Indemnification	Varies according to loss	On demand.	You must indemnify us when certain of your actions result in loss to us.
Audit Fee	Cost of audit	When billed.	Payable if an audit shows you have understated any amount owed to us by 3% or more.
Insurance Fee	A reasonable amount based on our expenses	On demand.	If you fail to maintain the required insurance, we may (but need not) obtain it for you. If we do, we will charge you a fee, plus our expenses.
Enforcement	Will vary	As incurred.	You must pay our costs of

Type of Fee(1)	Amount	Due Date	Remarks
Costs			enforcement (including attorneys' fees and costs) if you do not comply with the Franchise Agreement.
Non-compliance Fee	$50 per day that violation remains uncured.	On demand, following your failure to cure a violation of our standards, specifications, or procedures.	If you fail to operate your Spa in compliance with Franchisor's standards, specifications or procedures, Franchisor may charge you a fee up to $50 for each day that you remain in violation following written notice of your default.
Liquidated Damages	Varies. See formula in Remarks.	Within 30 days of the date of termination of the Franchise Agreement.	If the Franchise Agreement is terminated for any reason prior to its expiration, you will pay us the following liquidated damages: (i) where there are less than 2 years remaining in Franchise Agreement's term, the average royalty fee paid by you during the previous 2 years multiplied by the number of weeks remaining in Franchise Agreement's term; (ii) where there are 2 or more years remaining in Franchise Agreement's term and the Spa has operated for at least 2 years, the average royalty fee paid by Franchisee during the previous 2 years multiplied by 104 weeks; and (iii) where there are 2 or more years remaining in the Franchise Agreement's term and the Spa has not opened or has operated for less than 2 years, the average royalty fee paid by franchisees for the month that termination is effective multiplied by 104 weeks.

Notes:

(1) All fees and expenses described above are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Unless we have noted differently, we may increase these amounts based on changes in market conditions, our cost of providing services and future policy changes, but we have no present plans to increase any fees. ~~If your Territory is served by one of our existing Regional Developer(s), they may receive a portion of the fees you pay to us as compensation for the services they provide under their regional developer agreements.~~

(2) "Gross Sales" is the total selling price of all services and products and all income of every other kind and nature related to the Spa, including income from the sale of products and services over the Internet, whether for cash or credit and regardless of collection in the case of credit. Gross Sales includes the full value of spa products or services furnished to your employees as an incident to their employment (except you may credit the value of any discounts against Gross Sales during the

week in which the products or services are provided) and all proceeds from the sale of coupons, gift cards, gift certificates or vouchers, including amounts paid directly to you by third party marketing companies (e.g., Groupon) for similar payment devices. Gross Sales does not include (i) receipts from any public telephone or vending machine installed in your Spa, except for your share of the revenues; (ii) sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; (iii) proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your Spa; (iv) tips or gratuities paid directly by Spa customers to your employees or paid to you and then turned over to your employees by you in lieu of direct tips or gratuities; (v) returns to shippers or manufacturers and (vi) the retail price for the services provided in exchange for coupons, gift cards, gift certificates or vouchers, unless sales proceeds are not recorded and reported for royalty purposes at the time the coupon, gift card, gift certificate or voucher is sold, or if those coupons, gift cards, gift certificates or vouchers are distributed free of charge, in which event, the retail price for the services provided in exchange for those coupons, gift cards, gift certificates or vouchers is included in Gross Sales.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Franchise Agreement

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
~~Development Fee (1)~~	~~Varies~~	~~Lump sum~~	~~Upon signing Development Agreement~~	~~Us~~
Initial Franchise Fee (1)	$~~48,000~~55,000	Lump sum	Upon signing Franchise Agreement	Us
~~Construction Management Services Fee~~	~~$14,000~~	~~Lump sum~~	~~Upon signing Franchise Agreement~~	~~Us~~
~~Spa Development Package (2)~~Fixtures, Furniture and Equipment (2)	$~~146,000 to $179,000~~ ~~($36,000 of this amount paid to Us)~~150,000 to $200,000	As arranged	~~Upon signing Franchise Agreement and as~~As invoiced	Approved Suppliers ~~and Us~~
Computer Systems (3)	$~~11,000 to $14,000~~ ~~($500 of this amount paid to Us)~~15,000 to 20,000	As arranged	As invoiced	Approved Suppliers ~~and Us~~
Additional IT Components and Labor (4)	$20,000 to $22,000	As arranged	As invoiced	Approved Suppliers
~~Building and Land (5)~~Rent (5) Commercial Lease Security Deposit (5)	~~Varies~~$31,625 to $77,000 $10,542 to $25,667	As arranged As arranged	As arranged As arranged	~~Land Owner and/or~~ Lessor Lessor

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Leasehold Improvements (6)	$~~462,000 to $573,000~~ 700,000 to $900,000	As arranged	As arranged	Landlord, or Contractor ~~or Us~~
Signage (7)	$7,500 to $10,000	As arranged	As arranged	Suppliers
Business Licenses and Permits (8)	$250 to $1,000	As arranged	As invoiced	Government Agencies
~~Architect~~Space Planning and Architectural Fees (9)	$30,000 to $~~32,000~~40,000	As arranged	Upon securing location	Architect, Design Service Firm
Training Expenses (10)	$~~1,000~~8,000 to $~~2,500~~10,000	As arranged	As arranged	Employees ~~and~~, Suppliers and Us
~~Online Reservation System (11)~~Booking and Point of Sale System Software License Fee (Through Initial 3-Month Period) (11)	$~~2,000~~1,600	~~As arranged~~Lump Sum	~~Upon signing Franchise Agreement~~Monthly	~~Us~~ Approve Supplier.
Professional Services (12)	$3,000 to $4,500	As arranged	As arranged	Accountants, Lawyers, etc.
Insurance (For Initial 3-Month Period) (13)	$1,500 to $4,000	As arranged	As arranged	Insurance Broker
Grand Opening ~~and Advertising Program~~ (14)	$~~5,000 to $8,000~~15,000	As arranged	As arranged	Approved Suppliers and Employees
~~Website Development and Set-up Fee (15)~~	~~$2,000~~	~~Lump sum~~	~~Upon signing Franchise Agreement~~	~~Us~~
Initial Inventory (~~16~~15)	$40,000 to $44,000	As arranged	As arranged	Approved Suppliers
Repairs and Maintenance (For Initial 3-Month Period)	$2,500 to $9,500	When billed	As arranged	Suppliers
Payroll (For Initial 3-Month Period) (16)	$121,800 to $353,700	As incurred	As arranged	Employees
Janitorial (For Initial 3-Month Period)	$1,000 to $7,600	As incurred	As arranged	Suppliers
Utilities (For Initial 3-Month Period)	$2,300 to $7,500	As incurred	As arranged	Suppliers
Additional Funds for the start-up phase (For Initial 3-Month Period) (17)	$15,000 to $25,000	As arranged	As arranged	Employees and various Suppliers
TOTAL (18)	$~~808,250 to $985,000~~1,231,617 to $1,833,067			

Development Agreement

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Development Fee (1)	$35,000	Lump sum	Upon signing Development Agreement	Us

Notes:

~~(1) See item 5. If you sign a Development Agreement, you must pay us a development fee. We credit the allocable portion of your development fee against your initial franchise fee.~~

(1) See Item 5. You must pay us the Initial Franchise Fee when you sign the Franchise Agreement. If you sign a Development Agreement, you must also pay us a Development Fee when you sign the Development Agreement. If you sign a Development Agreement, you will be required to execute a Franchise Agreement and pay the Initial Franchise Fee concurrently therewith. The Franchise Agreement signed concurrently with the Development Agreement will be for the first Spa you develop under the Development Agreement. No Initial Franchise Fee will be due for your second Spa to be developed under the Development Agreement. You will not owe a Development Fee if you do not sign a Development Agreement.

(2) The estimated cost of ~~the Spa Development Package~~Fixtures, Furniture and Equipment varies depending on the square footage of your Spa. The low figure is the estimated cost for a Spa with 4,500 square feet and the high figure is the estimated cost for a Spa with 6,000 square feet~~. This estimate is for the Spa Development Package, which includes furniture, fixtures, equipment (including HydraFacial equipment), amenities, decor, and uniforms that you will need for your Spa. The Spa Development Package includes the Spa Kit, for which you must pay us $36,000 when you sign the Franchise Agreement. We will invoice you additional amounts based on the total cost of items purchased from us~~. The range of costs does not include taxes and shipping costs, which may vary greatly depending on where your Spa is located, the number of items you purchase, and your state and local tax rates.

(3) This amount estimates your cost for the purchase and installation of the software, computers, tablets, and other technology we require. The low amount assumes you will have 5 computers, and the high amount assumes you will have 6 computers~~. This amount includes the operations and financial systems set-up fee described in Item 5~~.

(4) "Additional IT Components and Labor" currently include voice and Internet telecommunication systems, data cabling, sound equipment system, surveillance (audio/video) system, sound masking system, overhead music system, and messaging on-hold system, and installation labor, which you must purchase from our approved suppliers. We reserve the right to add and delete IT Component requirements at any time.

(5) ~~This estimate does not include the costs for real estate, building permits, or financing.~~ Woodhouse Day Spas are typically located in ~~new~~ commercial in-line shopping center buildings. ~~You~~Although most franchisees lease, you may purchase or lease the building for your Spa. We are unable to estimate real estate costs ~~or~~if you purchase the building for your Spa. This estimate assumes you will lease your location and does not include the costs for real estate, building permits, or financing. The lease costs ~~because of~~have wide variations in prices depending on factors like location, type building on the property, size of the property, the type of interest you acquire and market conditions. We estimate that the size of your Spa will range between 4,500 and 6,000 square feet. The average size of the open Spas during 2019 was approximately 5,467 square feet. We base our low-end estimate for Rent on the assumption that the gross annual rental rate will be $23 per square foot for 5,500 square feet. The high-end estimate assumes that the gross annual rental rate will be $56 per

square foot for 5,500 square feet. If the size of your Spa is more than ~~6,000~~5,500 square feet, then you should expect that your costs will be greater than the high amount of the range of total estimated expenditures. Generally, landlord requires a security deposit equal to one month's rent.

(6) This estimate is based on the average rate that the existing Spas have spent to renovate/construct a Woodhouse Day Spa. The low ~~figure~~amount reflects the estimated cost of leasehold improvements for a 4,500 square feet Spa, and the high ~~figre~~amount reflects the estimated cost of leasehold improvements for a 6,000 square feet Spa. This estimate can vary due to your locality. The estimate is for the total construction/renovation cost of a Woodhouse Day Spa, excluding ~~construction management and~~ architect fees and excluding the cost of building permits, which vary due to wide variations in building and site conditions. The estimate also excludes financing costs, which may vary widely based on factors like the type of loan, the size and location of the Spa, and your creditworthiness. Building construction and renovation costs vary greatly from region to region depending on material, labor costs, union or non-union practices, your ability to negotiate with the landlord, and other variables. You will incur costs to bring the property into conformity with the System. These costs necessarily vary in each individual situation based on the physical condition of the property, fixtures, equipment, furnishings, furniture, signage, and similar items already present on the property. ~~This estimate assumes that you receive a minimum tenant improvement allowance of $60 per square foot. If you do not receive a tenant improvement allowance of at least $60 per square foot, then the amounts in the leasehold improvement range of costs will be greater than the amounts stated in the table.~~

(7) This range assumes that you will only install one exterior sign. Signage requirements must meet local requirements and the requirements of the retail development management company/developer, which may require you to install more than one sign or to install signage that is different from our standard signage, in which case, you should expect to pay more.

(8) Each state varies on the requirement for licenses and permits.

(9) This estimate is for space panning and architectural fees that you will incur in adapting our prototype design and architectural plans. This amount includes architectural renderings and mechanical, electrical, and plumbing plans.

(10) We provide initial training to your initial Operating Principal~~,~~ and General Manager ~~and Spa Coordinator~~ at ~~no additional~~a charge~~. Therefore, these amounts include only your out-of-pocket costs for the training of these people. This estimate is based on your travel expenses to our corporate office in Victoria, Texas for your initial training~~ of $5,000. You will be responsible for all of your and your employee's expenses like travel, lodging, meals, and wages. These costs will vary depending upon your selection of salary levels, lodging, and dining facilities, and mode and distance of transportation. (See Item 11.)

~~(11) The amount is a one-time fee payable to us for the set-up of our Online Reservation System. (See Item 11.)~~

(11) Currently we require you to license booking and point of sale software from a supplier we designated. The current monthly cost is $400 per month, with such costs beginning approximately one month prior to opening. We reserve the right to require you in the future to sublicense required software directly from us and, if so, pay a license fee to us.

(12) This estimate is for the cost to establish an entity to hold the franchise and review the franchise documentation. The cost of professional services can vary widely.

(13) This amount represents an estimate of the down payment on your annual insurance premiums. Your total annual premiums will be more than this initial amount. You must obtain the insurance coverage described in the Franchise Agreement and in Item 8 of this disclosure document. We must be named as an additional insured on these policies. Your cost of insurance may vary depending on the insurer, the location of your Spa, your claims history, and other factors.

(14) You must ~~send out grand opening invitations and carry out a grand opening promotion for the Spa in compliance with our written specifications. The estimate includes the purchase of 1,000 grand opening invitations. You must~~ spend at least $~~5,000~~15,000 on the Spa's grand opening promotion and you must provide us with the evidence of these expenditures. $5,000 must be spent with our approved public relations vendor. We must approve all advertising items, methods, and media.

~~(15) Before you open, you must pay us a one-time $2,000 Website development and set-up fee to build a Webpage for your Spa.~~

~~(16~~

(15) This estimate includes cost for back bar supplies, retail, and marketing materials for approximately the first 60 to 90 days of operations.

(16) Estimated payroll expense can vary widely. Our low and high estimates include the administrative and professional payroll costs for three months of operations. Your payroll costs will vary depending on the size and location of your Spa, hiring needs, and other factors.

(17) This is an estimate of your working capital needs for the during the first 3 months of operation. ~~These expenses include payroll costs during the Spa's operation but not any draw or salary for you.~~ These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your actual costs during the Spa's first 3 months of operation depend on many factors, including the following: (i) how closely you follow our methods and procedures; (ii) your management skill, experience, and business acumen; (iii) local economic conditions; (iv) the local market for your products; (v) the prevailing wage rate; (vi) competition; and (vii) the sales level reached during the initial period.

(18) This estimated initial investment is for one Woodhouse Day Spa. The total does not include costs for real estate, building permits, or financing. We have relied on our franchisees' experiences to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your ~~initial franchise fee~~Initial Franchise Fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

Currently, except as described below, you have no obligation to purchase or lease from us, our affiliates, or other designated third-party suppliers any of the products, services, supplies, fixtures, equipment (including computer hardware and software and electronic cash register systems), inventory, or real estate used in establishing or operating the Spa:

~~Site Selection Assistance~~

~~You must engage our approved real estate broker, currently Newmark Knight Frank, to assist you with selecting and acquiring a site for the Spa that satisfies our site selection requirements. You must engage our approved real estate broker at your own expense, but in most cases, broker fees will be paid by the landlord from lease proceeds.~~

Construction Management Services

You must use our in-house construction management team to provide construction management services in connection with the development of your Spa.

This service is included in your Initial Franchise Fee and/or Development Fee.

Space Planning, Architectural Services, and General Contractor Services

You must use ~~an~~a space planning service and architect approved by us for architectural services related to the development of your Spa. We must approve the General Contractor that you select to construct the improvements for your Spa~~ Kit~~.

Furniture, Fixture and Equipment

You must purchase ~~the Spa Kit~~furniture, fixtures, and equipment, which includes certain furnishings, fixtures, merchandising items, operating equipment, decor items, private label inventory, and printed pieces, from ~~us~~our approved suppliers.

Menus of Products and Services

You must provide Spa customers with a menu listing Spa products and services in the form that we require. You must purchase the menus from an approved supplier. ~~(See approved supplier discussion below). Emco Press Corporation of Houston is currently the only approved supplier of the menus.~~

Skin Care Products

You must offer and sell, and use in the provision of Spa services, the brands and types of bath and skin care products that we require and only those that we require. ~~Currently, you must use and sell the SkinCeuticals® and Voya® skin care and products that we require.~~ You must purchase all skin care products only from approved sources.

Body Care Products

You must offer and sell, and use in the provision of Spa services, the brands and types of bath and body care products that we require and only those that we require. You must purchase the body care products only from approved sources.

Decor Items

You must purchase from a supplier we designate all decor items to be used in your Spa, like furniture and chandeliers.

Uniforms

You and your employees must wear the uniforms that we require. You must purchase the uniforms from our approved supplier.

Business Cards, Letterhead, Stationary, and Envelopes

You must use the business cards, letterhead, stationary, and envelopes that we require. You must purchase those items from an approved supplier. ~~Emco Press is currently the only approved supplier of those items.~~

Advertising and Marketing Materials

You must purchase all advertising and marketing materials used for the Spa from an approved supplier. ~~(See approved supplier discussion below). Emco Press is currently the only approved supplier of those materials.~~

Directory Listing and Reputation Management

You must maintain a directory listing and obtain reputation management services from the supplier we require, which is currently us~~, and pay a monthly fee for these~~. These services are currently covered by your contributions to the Advertising Fund.

Grand Opening ~~Invitations~~

You must purchase your grand opening invitations from an approved supplier. ~~Emco Press is currently the only~~You must engage our approved ~~supplier of the invitations~~public relations firm for Grand Opening marketing and events.

Point of Sale and Other Software

You must obtain the booking and point of sale system hardware and software ~~and software for access to our Online Reservation System~~ that we require and pay all related costs and fees. You must also install and maintain the automated marketing and communications software we require ~~and pay a monthly fee for that software~~.

Additional IT Components

You must purchase from our approved supplier the additional IT Components we require, which currently include voice and Internet telecommunication systems, data cabling, sound equipment system, surveillance (audio/video) system, sound masking system, overhead music system, and messaging on-hold system that meet our specifications from our approved suppliers. We may change our IT Components requirements at any time.

System Merchandise

We have the right to make available to you for resale in the Spa merchandise identifying the System. This may include Woodhouse Day Spa memorabilia, like T-shirts, cups and mugs. If we make this type of merchandise available, we may require you to purchase it from a supplier we designate, which may be us, in amounts necessary to meet your customer demand.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all supplies, materials, fixtures, furnishings, equipment (including computer hardware and software) and other products used or offered for sale at the Spa. Among other things, the following must comply with our specifications:

Site Selection and Construction

You must locate a site for the Spa that ~~satisfies our site selection requirements. You must~~we have approved. We recommend that you engage ~~our approved~~a real estate broker~~, Newmark Knight Frank,~~ to source the site for your Spa at your own expense, but in most cases, broker fees will be paid by the landlord from lease proceeds. Within 15 days after you acquire the site for the Spa, you must engage an architect that we approve, and you must use ~~our in-house draftsman~~a space planning vendor of which we approve to modify our prototypical design plans, if modifications are required,

for the construction or remodeling of your Spa. We must approve all changes to the plans in advance. We will review your plans internally and will use commercially reasonable efforts to finalize the design layout within 30 days of completing the preliminary design modifications. You may not use any plans until we have approved them in writing, and our silence with respect to approval or rejection of the plans will not be deemed to be approval of the plans. We maintain the right to reject, in our sole discretion, all requests for plan modifications. Upon approval, you must work with our approved architecture firm to complete architectural plans and construction documents. You must provide written notice to us, and must obtain our prior written approval, for any proposed changes to the final plans that we previously approved. You must obtain general contractor services from an approved supplier. You may not remodel or make significant modifications to the Spa without our prior written approval.

Advertising and Promotional Materials

All of your advertising and promotions must conform to our standards and requirements and must be purchased from an approved supplier as discussed above. We must approve all advertising and promotional plans and materials before you use them if we have not prepared them or previously approved them during the 6 months preceding the date of their proposed use. You must submit any unapproved plans and materials to us, and we will approve or disapprove them within 20 business days after we receive them. You must not use the plans or materials until we have approved them, and must promptly discontinue using any advertising or promotional plans or materials, whether or not we have previously approved them, if we notify you to do so. In certain circumstances, we may require you to include a reference to the fact that franchises for Woodhouse Day Spas are available in your advertising or promotional material.

Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the Woodhouse Day Spa. These policies must be written by a responsible insurance carrier or carriers rated "A" or better by the A.M. Best Company, Inc. and that are acceptable to us. At a minimum, you must carry (i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage in the amount of $1,000,000, combined single limit per occurrence, $2,000,000 general aggregate, $2,000,000 product liability, $1,000,000 personal and advertising injury, $300,000 fire legal liability, $5,000 medical payment limits, or any greater amounts as your lessor may require; (ii) "All Risks" coverage for the full cost of replacement of the Spa premises and all other property in which we may have an interest with agreed amount endorsement for the premises naming us as loss payee; (iii) an "umbrella" policy providing excess coverage with limits of not less than $3,000,000 which must be excess to the general liability coverage; (iv) business interruption insurance covering at least 12 months' loss of profits and necessary continuing expenses for interruptions caused by any occurrence; (v) worker's compensation insurance with employer liability limit of bodily injury by accident $1,000,000 each accident, by disease $1,000,000 policy limit, and by disease $1,000,000 each employee; (vi) professional liability insurance for errors and omissions of your professional staff in providing services to your guests with not less than $1,000,000/$3,000,000 limit of liability and including abuse and molestation with a minimum limit of $100,000/$300,000, (vii) employment practices liability including third party coverage for not less than $500,000 aggregate, and (viii) any other insurance required by the landlord and the state or locality in which your Spa is situated.

Approved Suppliers

If we have approved suppliers (including manufacturers, distributors and other sources) for any supplies, materials, fixtures, furnishings, equipment (including computer hardware and software), services and other products used or offered for sale at the Spa, you must obtain these items from those suppliers. Approved suppliers are those who demonstrate the ability to meet our then-current standards and specifications, who possess adequate quality controls and the capacity to supply your needs promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may change the number of approved suppliers at any time and may designate ourselves, an affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from approved suppliers, and we and/or our affiliates may receive payments, fees, commissions or reimbursements from approved suppliers in respect of your purchases.

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. You must reimburse us for the costs that we incur in the supplier approval process. Nothing requires us to approve any particular supplier and we are not required to notify you of our approval or disapproval within any specified period of time. We will approve or disapprove a proposed supplier within 45 days of the date on which we receive all information we request about the proposed supplier. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

None of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, of The Woodhouse Spas franchise system. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

The Vintage Market

We currently have an intranet marketplace called The Vintage Market Store where franchisees may purchase certain products and materials used at the Spas, including collateral material and promotional items that are purchased in bulk. We may discontinue The Vintage Market Store or replace it with another approved vendor. We may profit from your purchases from these sources.

Purchasing Arrangements

We may derive income or other material consideration from required purchases or leases by franchisees. For our fiscal year ended December 31, 20192020, we received $1,085,736.02296,669, which is 144% of our total revenue of $7,548,6876,768,532, as a result of franchisee purchases from us of required furniture, fixtures, products and services and certain other items such as private label items, loungewear, clothing, other logoed items, and blank signature gift cards.

For our fiscal year ended December 31, 20192020, we received business development/marketing fund rebates based on franchisee purchases from a business development vendor totaling $16,376.03,18,594.53 of which the entire amount was contributed to the advertising fund described in Item 11.

We have negotiated certain purchase arrangements (including price terms) for the purchase of certain items with suppliers. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. We may receive rebates from approved or designated sources. We do not provide material benefits to franchisees based upon their purchase of particular products or services or their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered "required purchases." We describe these obligations in detail in the preceding sections of this Item 8. The magnitude of required purchases in relation to all purchases you make to establish and operate the Spa is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the Spa as described in Item 7. We estimate that your total initial required purchases will be about 85% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of the Spa will be 85% or more of your annual purchases or leases. The majority of these required purchases will be from third parties under our specifications.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement, Development Agreement 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 selection and acquisition/lease	~~Section VI.G. of Development Agreement;~~ Site Addendum to Franchise Agreement	Items 8 and 11
b. Pre-opening purchases/leases	Sections II., VII., VIII.~~,~~ and XII. of Franchise Agreement~~;~~ ~~Section VI.G. of Development Agreement~~	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Section II. of Franchise Agreement; ~~Sections~~Section III~~., VI~~., Attachment F of Development Agreement	Items 1, 7, 8 and 11
d. Initial and ongoing training	Section VI.G. of Franchise Agreement~~; Sections V.B. and VI.F. of Development Agreement~~	Items 6, 7 and 11
e. Opening	Sections II., VIII.F. and Attachment C of Franchise Agreement; Section III. and Atachment F of Development Agreement	Items 7 and 11
f. Fees	Sections IV. and VIII. of Franchise Agreement; Section II. of Development Agreement	Items 5 and 6
g. Compliance with standards and policies/ Manuals	Sections II., III., VI., VII., VIII., IX., X., XI., XII. of Franchise Agreement; Sections III~~., V~~. and ~~IX~~VIII. of Development Agreement	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Sections IX. and X. and Attachment B of Franchise Agreement; Section ~~IX~~VIII.	Items 11, 13 and 14

Obligation	Section in Agreement	Disclosure Document Item
	and Exhibit B of Development Agreement	
i. Restrictions on products/services offered	Section VII. of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section VII.I. of Franchise Agreement	Item 16
k. Territorial development and sales quotas	Section II. of Franchise Agreement; Section III. of Development Agreement	Item 12
1. Ongoing product/service purchases	Sections VII. and VIII. of Franchise Agreement	Items 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Sections III. and VII. of Franchise Agreement	Item 8
n. Insurance	Section XII. of Franchise Agreement	Items 7 and 8
o. Advertising	Section VIII. of Franchise Agreement	Items 6, 8 and 11
p. Indemnification	Section XV. of Franchise Agreement; Section ~~XI~~X. of Development Agreement	Item 6
q. Owner's participation/ management/ staffing	Sections VI. and VII. of Franchise Agreement; Section ~~VI~~V. of Development Agreement	Items 1, 11 and 15
r. Records and reports	Sections IV., VIII. and XI. of Franchise Agreement	Item 11
s. Inspections and audits	Sections II., VII. and XI. of Franchise Agreement	Items 6 and I 1
t. Transfer	Section XIV. of Franchise Agreement; Section ~~VIII~~VII. of Development Agreement	Items 6, 10 and 17
u. Renewal or extension of rights	Section III. of Franchise Agreement; Section III. of Development Agreement	Items 6, 12 and 17
v. Post-termination obligations	Section XVIII. of Franchise Agreement; Section ~~VII~~VI.F. of Development Agreement	Item 17
w. Noncompetition covenants	Section X. and Attachment B of Franchise Agreement; Section ~~IX~~VIII. and Exhibit B to Development Agreement	Item 17
x. Dispute resolution	Section XIX.G. of Franchise Agreement; Section ~~XII.F~~XI. of Development Agreement	Item 17

Obligation	Section in Agreement	Disclosure Document Item
y. Other (personal guarantee)	Section VI.D(2) of, and Attachment A to, Franchise Agreement; Section ~~VI~~V.D(2) of, and Attachment A to, Development Agreement	Item 15

ITEM 10
FINANCING

Neither we nor any of our agents or affiliates offer any direct or indirect financing to you or guarantee any note, lease or obligation for you.

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

Except as described below, we are not required to provide you with any assistance. ~~We may delegate certain of our obligations under the Franchise Agreement or Development Agreement to a Regional Developer or other designee. If your Territory is served by one of our existing Regional Developers, you will deal directly with our Regional Developer.~~

Pre-Opening Obligations: Before you open your Spa, we or our designee will:

1. Provide you with access to a copy of our written site selection guidelines and give you site selection assistance (which may include visits to the site, analysis of the surrounding demographics, and general site selection advice, the extent of which will vary based on the specific circumstances, including the location and condition of the proposed site). (~~Development Agreement, Section V.A.;~~ Site Addendum to Franchise Agreement)

   You must identify and secure a site for your Woodhouse Day Spa within the Territory (if you have signed a Development Agreement) or within a non-exclusive Designated Area (if you have not signed a Development Agreement). We must accept the site as meeting our standards. You cannot place a Spa at a site we have not first accepted in writing. Your failure to obtain a site that we approve and open within the specified time period is a default under the Development and/or Franchise Agreement for which we may terminate.

   Within 90 days of execution of your Franchise Agreement, you must identify a proposed site to Franchisor. When you identify a proposed site, you must submit to us in writing a description of the site, evidence that the site satisfies our site selection guidelines and any other information we may require. We have 30 days to review your proposed site for compliance with our site selection guidelines and accept or not accept the site and your proposed lease or contract of sale within 30 days after receiving your site information. (~~Development Agreement, Section VI.C.;~~ Site Addendum to Franchise Agreement). In reviewing your proposed site, we consider various factors, including the condition of the building, the location of the site, population, and other demographic factors. If we accept multiple sites, you must notify us within 10 days of our acceptance of the sites of the site that you intend to acquire for the Spa. Our acceptance of a site does not guarantee that a Woodhouse Day Spa will be profitable or successful at that site. You must provide us with a copy of the proposed lease (which incorporates a rider in substantially the form of Exhibit ~~G to the Development Agreement or Exhibit~~ 1 to the Franchise Agreement Site Addendum~~, as applicable~~) or contract of sale for the site after we have approved the site. (~~Development Agreement, Section VI.C.;~~ Site Addendum to Franchise Agreement.) We typically do not own land or buildings that we lease to Franchisees.

Within ~~90~~180 days after signing the Franchise Agreement, you must enter into a lease or contract of sale for the site. You must provide us with a copy of the executed lease or contract of sale within 10 days of its signing. (~~Development Agreement, Section VI.C.;~~ Site Addendum to Franchise Agreement.)

You must obtain all zoning classifications, clearances and approvals relating to the site and all required permits, licenses, and certifications. (Franchise Agreement, Section II.D.)

2. Provide you with access to our prototypical design plans and specifications for a Woodhouse Day Spa. (~~Development Agreement, Section V.A.3.;~~ Site Addendum to Franchise Agreement.)

3. Provide you with access to 1 set of our Manuals. (Franchise Agreement, Section V.D~~.; Development Agreement, Section V.C~~.)

4. Provide you a list of any approved suppliers. (Franchise Agreement, Section V.J.)

5. Conduct an initial training program. (Franchise Agreement, Sections V.K. and VI.G~~.; Development Agreement, Sections V.B. and VI.F~~.)

6. Give you on-site opening assistance, subject (as to scheduling) to the availability of our personnel. (Franchise Agreement, Section V.L.)

Typical Length of Time Before You Open Your Woodhouse Day Spa

We estimate that it will be approximately ~~280~~445 days from the time you sign the Franchise Agreement to the time you open your Spa and begin operations. This time period may be shorter or longer depending on the modifications that must be made to the site to accommodate your Woodhouse Day Spa. You must begin business within ~~365~~445 days after signing the Franchise Agreement, unless we give you a written extension. Failure to open the Spa within ~~365~~445 days is considered a material default for which we have the right to terminate the Franchisee Agreement without providing you any opportunity to cure. (Franchise Agreement, Section II.F. and XVII.C.)

Continuing Obligations: After your Spa opens we will:

1. Conduct periodic evaluations of your operations. (Franchise Agreement, Section V.F.)

2. ~~Establish and administer~~Administer an advertising fund and provide any advertising and promotional materials we develop for local advertising. (Franchise Agreement, Sections V.G. and VIII.)

3. Give you advice and written materials we may develop on the techniques of managing and operating Woodhouse Day Spas. (Franchise Agreement, Section V.H.)

4. At our discretion, make available to you at a reasonable cost any merchandise we develop or approve for resale. (Franchise Agreement, Section V.I.)

5. Give you updated lists of approved suppliers as we deem appropriate. (Franchise Agreement, Section V.J.)

6. Provide additional training programs at our option, in the format we choose. (Franchise Agreement, Sections V.K. and VI.G.)

7. Provide you with access to any proprietary software programs as may be developed by us or on our behalf for use in the System. We reserve the right to charge a reasonable license fee. (Franchise Agreement, Section V.E.)

Advertising

You must participate in all advertising and sales promotion programs that we may authorize or develop for

Woodhouse Day Spas. (Franchise Agreement, Section VIII.A(2))

You must carry out a grand opening promotion for the Spa in accordance with our standards, including those related to the type and size of the grand opening promotion. You must obtain our approval of all advertising items, methods and media you use in connection with such grand opening promotion. You must spend at least $~~5,000~~15,000 on the Spa's grand opening promotion~~ and~~, of which at least $5,000 must be paid to or spent through our preferred public relations vendor, which you are required to engage for this purpose. You must submit ~~1~~ one or more expenditure reports to us, accurately reflecting your grand opening expenditures. (Franchise Agreement, Section VIII.F.)

You must spend at least ~~2~~3.75% of your Spa's Gross Sales on advertising. ~~Initially, you~~You must ~~spend 1.75% of Gross Sales on local advertising and~~ contribute ~~0.25~~2% of Gross Sales to the advertising fund ("Fund"). ~~We~~ In addition to contributions you pay to the Fund, you must spend each quarter, at a minimum, 1.75% of Gross Sales for local advertising, marketing, and promotion of the Spa. If we determine that your documented spending on local advertising during the most-recently completed calendar quarter was less than the minimum required amount, we may ~~reallocate~~collect the ~~proportion of those monies directed to~~unspent amounts directly from you and deposit such amounts into the Fund, without any liability or obligation to us such amounts for your local advertising ~~(individually or through a Cooperative) and to the Fund~~. (Franchise Agreement, ~~Section~~Sections VIII.B., VIII.C.)

You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that we implement for all or part of the Woodhouse franchise system and sign the forms and take the other action we require for you to participate in these programs. (Franchise Agreement, Section VIII.A(1))

All advertising and promotions you place in any medium must be conducted professionally and must conform to our standards and requirements, as described in Item 8. (Franchise Agreement, Section VIII.G.)

You must give us a quarterly report of your local advertising expenditures within 15 days following the end of each calendar quarter. You cannot include expenditures for any of the following to satisfy your local advertising expenditure requirement: (i) incentive programs for your employees or agents; (ii) non-media promotional costs; (iii) charitable, political, or other contributions or donations; (iv) in-spa fixtures or equipment; (v) business directory listings, whether online or otherwise; or (vi) grand opening expenses. (Franchise Agreement, Section VIII.C.)

We can designate any geographic area in which 2 or more company-owned or franchised Woodhouse Day Spas are located as a region for an advertising cooperative ("Cooperative"). If we do, the Cooperative must be organized and governed as we determine and as stated in the written governing documents we require. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for members in local advertising. If a Cooperative is established for an area that includes your Protected Area (defined in Item 12 below), you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents. However, you will not be required to contribute more than the amount you would otherwise be required to spend on local advertising, and your Cooperative contribution will be applied toward satisfaction of your local advertising requirement. You must also submit to the Cooperative and to us all statements and reports that we or the Cooperative may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents, and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. We have the sole right to form, change, dissolve, and merge Cooperatives and to create and amend any organizational and governing documents of any Cooperative. (Franchise Agreement, Section VIII.D.) Each Cooperative must prepare annual, unaudited financial statements, which will be made available to contributing Cooperative members. Currently, we have not established any Cooperatives.

~~In addition to local advertising (individually or through a Cooperative), we~~We have established a Fund to produce advertising for the System on a regional and/or national basis. ~~You~~In addition to your required minimum local advertising spending (individually or through a Cooperative), you must make weekly contributions to the Fund~~. Initially, that contribution will be 0.25% of your Spa's Gross Sales. We may increase~~ in the amount ~~you must contribute to the Fund, up to a maximum~~ of 2% of your Spa's Gross Sales~~, and may require you to allocate to the Fund all or part of your required local advertising expenditures~~. We and our affiliate's company-owned stores will contribute to the Fund generally on the same basis as you do for Woodhouse Day Spas that we or they operate.

We or someone we designate will administer the Fund. We will direct all advertising programs, including the creative concepts, materials and media used in the programs. We may use the Fund to satisfy the costs of promoting the brand and of maintaining, administering, directing, preparing and producing advertising. This includes the cost associated with developing, maintaining and updating our Website, conducting consumer research, of preparing and producing television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. We are not required to make expenditures for you that are equivalent or proportionate to your Fund contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. Except for a portion of the Fund spent on Website development and maintenance (a portion of which may include soliciting the sale of franchises using the Website), the Fund is not used to solicit the sale of franchises.

~~We anticipate that Fund advertising will be conducted primarily through electronic or print media on a regional or national basis, and that the majority of our advertising will initially be developed in-house.~~

We have formed a Franchise Advisory Council ("FAC"). The FAC provides advice to us on various matters, including advertising. The FAC serves in an advisory capacity only and has no operational or decision-making power. The FAC is currently composed of ~~7~~eight franchisee members ~~that will~~who each serve for a ~~1~~one-year term. ~~Our President and Chief Executive Officer appointed the initial 7 members. At the end of the members' terms, new members will be~~ Six members are elected ~~on September 1 of each year~~ by ~~the~~ franchisees that are in good standing. ~~We will be entitled to cast one vote in each election~~ The final two members are appointed by the elected members of the FAC. We do not have the power to unilaterally change or dissolve the FAC. Any amendments to the FAC's bylaws ~~of the FAC will~~must be ~~required to receive the approval of~~adopted by a majority vote of the FAC members, and ~~of~~must be approved by our President and Chief Executive Officer~~. We~~, which approval will ~~have the power to dissolve the FAC at our sole discretion at any time~~not be unreasonably withheld.

We will not use your Fund contributions to defray any of our operating expenses, except for any reasonable administrative costs and overhead that we may incur in administering or directing the Fund. We will prepare an annual statement of the Fund's operations and will make it available to you if you request it. We are not required to have the Fund statements audited.

Total Fund expenditures for our ~~2019~~2020 fiscal year, expressed as a percentage of total Fund revenues, were:

~~Production 100.0%~~
~~Media Placement 0%~~
~~Administrative Expenses 0%~~

Creative Development and Production	53.4%
Media Placement	0%
Administrative Expenses	17.6%

Reputation Management/PR	27.8%
Research and Development	1.2%
Total	100.0%

Of the total Fund expenses accounted for in Administrative Expenses, 36.74% was spent to offset marketing personnel salaries. Of the total Fund expenses accounted for in Creative Development and Production, 6.26% was spent to offset marketing personnel salaries.

~~Other 0%~~
~~Total 100.0%~~

Although the Fund is intended to be perpetual, we may terminate it at any time. We will not terminate the Fund, however, until all money in the Fund has been spent for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. (Franchise Agreement, Section VIII.E.)

Computer and Point of Sale System Requirements

You must install and maintain the number of computers and tablets at the Spa that we require and that are capable of running the software that we require. Currently, we require you to have at least 5 computer stations. The computers must be equipped with computer hardware components, software, and peripherals that we require including printers and cash drawers. We currently require you to purchase, lease, or license certain hardware or software from suppliers we designate, though we reserve our right to require you to purchase, lease, or sublicense certain hardware or software from us or our affiliates in the future.

You must purchase from our approved supplier certain additional IT Components we require, including voice and Internet telecommunication systems, data cabling, sound equipment system, surveillance (audio/video) system, sound masking system, overhead music system, and messaging on hold system that meet our specifications. We may change our IT Components requirements at any time.

You must install, run, and pay all related fees for the booking and point of sale software we require.

You must also install, maintain, and pay for the marketing and communications software we require.

You must install Internet navigation software and maintain a high-speed Internet connection (with email capability) at the bit speed we require.

We estimate the cost of the computer system will be approximately $~~11,000~~15,000 to $~~14,000~~20,000, depending on the size of the Woodhouse Day Spa~~, which includes a one-time operations and financial systems set-up fee of $500~~. As of the date of this disclosure document, your ongoing cost to license required booking and point of sale software ~~costs are $99 to~~from our designated supplier is $400 per month. We estimate the cost of Additional IT Components and Labor noted above will be $20,000 to $22,000. As of the date of this disclosure document, you must also pay a $475 monthly technology management fee to us, which covers~~, among other things, digital and online marketing of your Spa, ongoing access to the Online Reservation System (see below), and email hosting and maintenance~~ franchisors internal costs associated with managing the various technical platforms and business tools. The amount of this fee may increase as our costs to provide technology-related services increase.

Except for the services covered by the technology management fee neither (i) we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system nor (ii) are there any optional or required maintenance/upgrade contracts for the point of sale or computer system.

You must install any other hardware or software for the operation of the Woodhouse Day Spa that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades.

We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by Woodhouse Day Spas. We may require you to submit sales data electronically to allow us to compile sales data, consumer trends, costs, and other financial and marketing information we deem appropriate. We may require you to provide us with independent access to information and data maintained on your computer system. There is no contractual limitation on the frequency or cost of these obligations or on our ability to access your information.

You are required to participate in our online reservation system ("Online Reservation System"). ~~You must pay us a one-time setup fee of $2,000 for access to the Online Reservation System.~~

~~You must also pay us a one-time Website development and set-up fee of $2,000 to build a Webpage for your Spa that will, among other things, promote your Spa and permit customers to purchase gift cards online.~~

Operations Manual

During our initial training, we will provide you with access to our Manuals, all of which may be online. A copy of the table of contents of the Manuals is attached as Exhibit F to this disclosure document. The total number of pages in the Manuals is 449. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any copies of the Manuals.

Training

Before the Opening Date of your Spa, your Operating Principal and General Manager (if applicable)~~,~~ must have attended and satisfactorily completed our initial training program. (Franchise Agreement, Section VI.G.~~; Development Agreement, Section VI.F.~~)

Our training is administered and directed by ~~Lynda Torrey~~Erin Edling, who has been our Director of ~~Training, Research, and Development~~Learning and Strategic Communications since ~~January 2005~~October 2020. ~~Lynda~~Erin has ~~39~~21 years of experience working in ~~the day spa industry~~learning, development, and franchise training. ~~Lynda~~Erin may be assisted by other qualified members of The Woodhouse Day Spa staff who have at least 12 months of experience ~~conducting franchisee training~~in their respective industry.

Our initial training program is offered as needed during the year depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of your new Woodhouse Day Spas. Our initial training is divided into ~~3 phases~~5 paths and generally requires approximately ~~2~~four to five weeks to complete. ~~Phase 1 (Initial Training and Internship)~~The Foundation Path is provided ~~during the time that your Spa is being constructed or renovated and must be completed before the Spa opens for business. Phase 2 Team Training is provided by us or our representative~~following execution of your Franchise Agreement and takes place virtually. The Business Path is provided following execution of the lease for your Spa and takes place virtually or at ~~your Spa prior to the opening of the Spa. Phase 2 is subject to change or modified based upon the experience and performance of those persons trained. Phase 3 involves us or our representative visiting your Spa during the Spa's soft opening to monitor spa operations. The extent of Phase 3 will be determined by us and is subject to change or being cancelled based upon~~our corporate office in Lakewood, Colorado. The Operations Path is provided following lease execution and completion of the ~~experience~~Business Path and ~~performance of those persons trained.~~takes place at our corporate training Spa located in San Antonio, Texas. The Opening Path is provided following your receipt of Certificate of Occupancy for your Spa and takes place onsite at your Spa.

The subjects covered and other information relevant to our initial training program are described below:

INITIAL TRAINING PROGRAM

~~Phase 1~~ Initial Training (See Note 1)

Foundation Path

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Culture, Vision and Core Values	2	-	Virtually
Defining Roles	1	-	Virtually
Organizational Planning	2	-	Virtually
Staffing Strategies	1	-	Virtually
Pricing Tier Discussion	1	-	Virtually
Communication Channels	1	-	Virtually

Business Path

Subject	Hours of Classroom Training ~~(See Note 1)~~	Hours of On-the-Job Training ~~(See Note 1)~~	Location
Orientation: Intro to The Woodhouse ~~Culture, and the Franchised Business~~Day Spa	2	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
~~Communications~~	~~2~~	~~-~~	~~Victoria, Texas~~
~~Team Member Recruiting and Retention~~	~~2~~	~~-~~	~~Victoria, Texas~~
~~Hiring and Human Resources~~Ops Manual & Brand Standards	~~3~~8	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
~~Training~~Point of Sale Basics	~~3~~4	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
~~Daily Operation/Review Manuals~~Communication & Support	~~8~~4	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
~~Start Up/Inventory and Purchasing/Setup Review~~Marketing and Brand Awareness	~~2~~8	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
Tools for Profitability ~~and Woodhouse Ladders~~	~~8~~6	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
~~Software Training~~	~~16~~	~~-~~	~~Victoria, Texas~~
Leadership ~~and~~& Teambuilding	~~4~~2	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
~~Managing Your Business and Time~~Start Up & Set Up Review	~~4~~2	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
~~Marketing and Brand Awareness~~Retail & Merchandising Overview	~~16~~2	-	~~Victoria, Texas~~Lakewood, CO, or Virtually

99 Elements to Guest Relations	2	-	~~Victoria, Texas~~Lakewood, CO, or Virtually
~~Wellness and Skincare~~	~~-~~	~~-~~	~~Victoria, Texas~~
~~Internship~~	~~-~~	~~32~~	~~At a Woodhouse Day Spa~~
~~On-Site Training~~	~~-~~	~~40~~	~~Onsite at your Spa Location~~
~~Totals~~	~~72~~	~~72~~	

Operations Path

~~Phase 2 (Onsite Team Training)~~

Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Daily Operations of a Spa	-	8	San Antonio, TX
"A Day in the Life"	-	8	San Antonio, TX
Coaching & Training	-	8	San Antonio, TX
Field Marketing	-	8	San Antonio, TX
Leading Your Team	-	8	San Antonio, TX

Opening Path

Subject	**Hours of Classroom Training ~~(See Note 1)~~**	**Hours of On-the -Job Training ~~(See Note 1)~~**	**Location**
~~Orientation: Intro to the Woodhouse Culture/ Guest Services~~Spa Set Up	-	8	Onsite at your Spa ~~location~~
~~Treatment Protocols/Review Manuals~~Merchandising	-	~~24~~8	Onsite at your Spa ~~location~~
~~Product Training~~Vendor Introductions	-	~~60~~8	Onsite at your Spa ~~location~~
~~Retailing Training~~	~~-~~	~~4~~	~~Onsite at your Spa location~~
~~Software~~Modality Training	-	~~16~~24	Onsite at your Spa ~~location~~
~~Purchasing & Inventory Management~~Practical Application	-	~~1~~16	Onsite at your Spa ~~location~~
~~Totals~~	~~-~~	~~113~~	

Excellence Path

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Friends & Family Day	-	16	Onsite at your Spa
Soft Opening	-	16	Onsite at your Spa
Grand Opening	-	16	Onsite at your Spa
30, 60, 90 Day	-	-	Visits or Calls
Growth Planning	-	8	Onsite at your Spa

Note:

(1) The time periods allocated to the subject listed above are approximations, and the time actually spent by your Operating Principal and General Manager (if applicable), ~~Spa Team,~~ and Spa ~~Coordinator~~team members (if applicable), may vary based on the experience and performance of those persons trained.

The instructional materials used in training include manuals, PowerPoint presentation, handouts, demonstrations, quizzes, ~~classroom~~ lectures~~,~~ and discussions~~.~~

~~We provide instructors~~, videos, and webinars.

You must pay us an initial training ~~materials at no charge, but you~~fee in the amount of $5,000 for your Operating Principal and General Manager to attend our initial training program. You must pay all expenses you and your personnel incur in initial training, including costs of travel, lodging, meals, and wages. We may charge a reasonable training fee for training all successor or replacement personnel. (Franchise Agreement, Section VI.G.~~; Development Agreement, Section VI.F.~~)

We may require your Operating Principal, General Manager, ~~Spa Coordinator~~ and/or management-level employees to attend or participate in additional training programs and other informational programs. We have the right to charge a reasonable fee for these additional training and other informational programs. You must pay all expenses you or your personnel incur in any training or other informational program (including the classroom and ~~internship~~ components of the initial training program), including the cost of travel, lodging, meals and wages. (Franchise Agreement, Section VI.G~~.; Development Agreement, Section VI.F~~.)

We may conduct seminars or conventions from time-to-time for the benefit of all franchisees whose attendance may or may not be mandatory. When attendance is mandatory, we will provide you with reasonable notice in writing. Your failure to attend mandatory seminars or conventions will be treated as a default under the Franchise Agreement. However, under our current policy (which we may change at any time) you will have the ability to cure the default by attending a similar seminar or convention that is regularly offered by us within a period of 120 days from the original seminar or convention. ~~In any event, if~~We may charge a fee up to $1,000 per person to attend our annual franchisee convention. If you fail to attend our annual franchisee convention, we may charge you a fee up to $~~300 per day for each person that was required to attend the meeting and failed to do so~~1,000 regardless of attendance. We will bear the expense of materials and location and you must pay for the expense of salaries, travel, meals, lodging, and miscellaneous expenses of your personnel attending such seminars or conventions.

ITEM 12
TERRITORY

~~You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, your Spa will be located in a Protected Area, described below.~~

Franchise Agreement

The Franchise Agreement gives you the right to operate a single Woodhouse Day Spa at a site you select and we accept as meeting our site selection guidelines (the "Location"). ~~If~~Unless you sign a Development Agreement, ~~you must select the site for your Spa from within the Territory identified in Exhibit E of~~in which case the ~~Development Agreement. If you do not sign a Development Agreement~~process is described below, you must select the site for your Spa from within the a designated geographic area ("Designated Area") identified in the Site Addendum to your Franchise Agreement.

If you are in compliance with the Franchise Agreement and any other agreement you have with us or our affiliates, we and our affiliates will not establish or authorize anyone except you to establish a Woodhouse Day Spa in the geographic area identified in Attachment C of the Franchise Agreement (the "Protected Area") during the term of the Franchise Agreement. The Protected Area will ~~generally~~ be a maximum radius of ~~at least one sixteenth~~four (~~1/16~~4) ~~of a mile~~miles around your Spa. However, the actual size and shape of the Protected Area will be determined based on several factors, including population density, income level and the number of households and businesses in the area. ~~If you sign a Franchise Agreement pursuant to your rights under a Development Agreement, your Protected Area under that Franchise Agreement will not, in any event, extend beyond the boundaries of your development Territory~~For example, in areas of higher population density, such as urban centers, your Protected Area may be significantly smaller.

Continuation of your Protected Area does not depend on the achievement of a certain sales volume, market penetration or other contingency. There are no circumstances that would permit us to modify your territory rights during the term of the Franchise Agreement, but we may modify your Protected Area upon renewal. You do not receive the right to acquire additional franchises within or outside of your Protected Area unless you sign a Development Agreement or another Franchise Agreement with us. We do not grant rights of first refusal under any agreements.

You must operate the Spa only at the Location. You may not actively solicit or accept business from consumers located outside your Protected Area through any method of distribution, including alternative channels such as the Internet, catalog sales, telemarketing, or other direct marketing. You cannot relocate the Spa without our consent. If you lose possession of the Location through no fault of your own, you must apply to us within 30 days for our approval to relocate your Spa. You must relocate to another site in the Protected Area.

We and our affiliates retain all other rights. Among other things, this means we and our affiliates can:

(i) Develop and establish other business systems using the Marks, or other names or marks, and grant licenses to use those systems without providing any rights to you;

(ii) Advertise and promote the System in the Protected Area;

(iii) Operate, and license others to operate, Woodhouse Day Spas at any location outside the Protected Area ~~and in any Reserved Area. A "Reserved Area" includes any mall (defined as an enclosed retail space consisting of 250,000 or more square feet); airport; train station; hospital; school; hotel, resort, or other lodging facility; office building; or military base~~; and

(iv) Within and outside the Protected Area, offer and sell, and authorize others to offer and sell, any similar or dissimilar products and services, (under the Marks or under other names or marks) through any channel or by any method of distribution (including the Internet) other than a Woodhouse Day Spa on any terms and conditions we deem appropriate.

Due to our reserved rights listed above, you will not receive an exclusive territory under your Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we or our affiliates control. The restrictions on our right to operate, or license others to operate, in your Protected Area do not apply to any Woodhouse Day Spa existing or under development on the date your Franchise Agreement is signed. We are not required to pay you if we or our affiliates exercise any of the rights specified above inside or outside your Protected Area.

There are no restrictions on our right to solicit or accept business from consumers inside the Protected Area without paying any compensation to you.

You may only use the Internet to advertise on our Website in compliance with the Franchise Agreement.

We may sell certain spa- and beauty-related products at retail to consumers on the internet and through any other channels, whether inside or outside Your Protected Area or Territory. We have no obligation to share any portion of the revenue we receive from retail sales to consumers.

Development Agreement

If you sign a Development Agreement, we grant you a geographic are ("Territory") within which you must develop two (2) Spas under a prescribed Development Schedule. We determine the Territory before you sign the Development Agreement based on various market and economic factors like market demographics, the penetration of Woodhouse Day Spas and similar businesses in the market, the availability of appropriate sites, and growth trends in the market. The Territory may be all or a portion of a city, a single or multi-county area, or some other area, and will be described in Exhibit E to the Development Agreement. Each site for each Spa that you develop under a Development Agreement must satisfy our then-current site selection requirements. You cannot place a Spa at a site we have not first accepted in writing.

You must develop Spas in the Territory under the Development Schedule in Attachment F of the Development Agreement. ~~You and~~ Before you sign a Development Agreement, we ~~agree to~~will establish the Development Schedule ~~before~~in our sole determination. Generally, you will have 18 months from signing ~~the~~your Development Agreement to open your first Spa and an additional 12 months thereafter to open your second Spa. If you stop operating your any Spa during the term of the Development Agreement, you must develop a replacement Spa within a reasonable time (not to exceed 210 days) after you stop operating the original Spa. If ~~you transfer your interest in a Spa~~, during the term of the Development Agreement, you tranfser your interest in a Spa in compliance with the related Franchise Agreement for the Spa, the transferred Spa will continue to be counted in determining whether you have complied with the Development Schedule, unless the transferred Spa is no longer operated as a Woodhouse Day Spa~~. In that~~, in which case~~,~~ you must develop a replacement Spa within a reasonable time (not to exceed 210 days) after the transferred Spa ceases to be operated as a Woodhouse Day Spa.

~~If you comply~~

Upon the opening of a Spa under a Franchise Agreement executed pursuant to your Development Agreement, the Spa will have a Protected Area pursuant to its Franchise Agreement, as described above.

Subject to your full compliance with the Development Agreement and all other agreements that you or your affiliates have with us or our affiliates, then we and our affiliates will not establish, or authorize anyone except you to establish, Woodhouse Day Spa in the Territory during the term of the Development Agreement.

We retain all other rights. Among other things, this means we can conduct activities in the Territory like those described above in relation to the Protected Area. We do not grant rights of first refusal under any agreements.

We and our affiliates retain all other rights. Among other things, this means we and our affiliates can:

(i) Develop and establish other business systems using the Marks, or other names or marks, and grant licenses to use those systems without providing any rights to you;

(ii) Advertise and promote the System in the Territory;

(iii) Operate, and license others to operate, Woodhouse Day Spas at any location outside the Territory; and

(iv) Within and outside the Territory, offer and sell, and authorize others to offer and sell, any similar or dissimilar products and services, (under the Marks or under other names or marks) through any channel or by any method of distribution (including the Internet) other than a Woodhouse Day Spa on any terms and conditions we deem appropriate.

Subject to the exclusions listed above and your full compliance with the Development Agreement and all other agreements that you or your affiliates have with us or our affiliates, you will have the exclusive right to establish Woodhouse Day Spas in the Territory during the term of the Development Agreement. Your exclusivity within the Territory ends upon the expiration or earlier termination of the Development Agreement. Nevertheless, due to our reserved rights listed above, you may face competition from other franchisees, from Woodhouse Day Spas that we or our affiliates own, or from other channels of distribution or competitive brands that we or our affiliates control. The restrictions on our right to operate, or license others to operate, in your Territory do not apply to any Woodhouse Day Spa existing or under development on the date your Development Agreement is signed. We are not required to pay you if we or our affiliates exercise any of the rights specified above inside or outside your Territory.

If you fail to comply with the Development Schedule, or otherwise ~~materially~~ default under the Development Agreement, then we may (in addition to our other remedies) terminate or modify your territorial rights, reduce the area of territorial rights, or reduce the number of Spas that you may establish. When the Development Agreement expires or is terminated, you cannot develop additional Spas in the Territory ~~(but may complete development of and/or operate Spas under then existing Franchise Agreements)~~ and we may develop or authorize others to develop, Woodhouse Day Spas in the Territory and exercise all rights not expressly granted to you under your Franchise Agreements.

Except as described above, the continuation of any Territory rights granted to you does not depend on the achievement of a certain sales volume, market penetration, or other contingency, and we may not alter your Territory.

You may only use the Internet to advertise on our Website in compliance with the Franchise Agreement.

We may sell certain spa- and beauty-related products at retail to consumers on the internet and through ~~The Vintage Market Webpage that is located on our Website. Although we~~any other channels, whether inside or outside Your Protected Area or Territory. We have no obligation to ~~do so, we currently~~ share ~~a~~any portion of the revenue we receive from retail sales to consumers ~~through our The Vintage Market Website with our franchisees. We may end such revenue sharing arrangement at any time.~~ .

ITEM 13
TRADEMARKS

The Franchise Agreement gives you a license to operate a Woodhouse Day Spa under the mark "The Woodhouse Day Spa" and to use any future Marks we authorize.

We have registered the following Marks on the Principal Register of the U.S. Patent and Trademark Office. We intend to renew the registrations and to file all appropriate affidavits at the appropriate times required by law.

MARK	~~REGISTER~~REGISTRATION NUMBER	REGISTRATION ~~ISSUE~~ DATE	~~U.S. TRADEMARK REGISTRATION NUMBER~~
THE WOODHOUSE DAY SPA	~~Principal~~2,947,742	May 10, 2005	~~2,947,742~~
~~THE WOODHOUSE DAY SPA (Stylized)~~ THE WOODHOUSE day spa https://www.globalipmanager.com/DataFiles/Pics/9/US_85351435.jpg	~~Principal~~4,101,913	February 21, 2012	~~4,101,913~~

There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Mark which is relevant to its ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Mark, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Mark in any manner material to the franchise.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Mark or if the proceeding is resolved unfavorably to you.

You must immediately notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Principals must agree not to communicate with any person other than us, any designated affiliate and our or their counsel about any infringement, challenge or claim of this type. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, arising out of any infringement, challenge or claim concerning any of the Marks. You must execute all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding of this type or to otherwise protect and maintain our or their interest in the Marks.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must execute any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Principals may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or patent applications that are material to the franchise. We do claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, websites, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of Woodhouse Day Spa and the System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement or the Development Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially. You and your Principals must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your Principals must also agree not to use our confidential information at all after the Franchise Agreement terminates or expires. You and your Principals can give this confidential information only to your employees who need it to operate your Woodhouse Day Spa. You must have your General Manager~~, Spa Coordinator~~ and any of your other personnel who have received or will have access to our confidential information~~,~~ sign similar covenants.

If you or your Principals develop any new concept, process or improvement in the operation or promotion of your Woodhouse Day Spa, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your Principals agree that any of these concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

When you sign the Development Agreement (if applicable) and Franchise Agreements, you must designate an individual to serve as your "Operating Principal." If you are an individual, you will be the Operating Principal. If you are not an individual, your Operating Principal must maintain a direct or indirect ownership interest in you of not less than ~~75~~25%, unless we consent otherwise. This interest may not be pledged, mortgaged, hypothecated, or be subjected to any lien, charge, or encumbrance, voting agreement, proxy, security interest, or purchase right or option, without our consent.

The Operating Principal must meet our qualifications and must be approved by us. The Operating Principal for all Woodhouse Day Spas operated by you and, if applicable, your affiliates, must be the same person, and the same person must act as your Operating Principal under the Development Agreement and all Franchise Agreements between us.

Unless a General Manager is appointed, as discussed below, your Operating Principal must devote his or her full time and best efforts to the supervision of your operations under the Development Agreement (if applicable) and Franchise Agreements and may not engage in any other business. He or she must satisfy our training requirements and our other standards and must guaranty your performance under the Agreements. Your Operating Principal will be individually, jointly and severally bound by all of your obligations and the obligations of the Operating Principal and a Principal under the Franchise Agreement and the Development Agreement.

You may, at your option and subject to our written consent, designate a General Manager to supervise your operations under the Development Agreement (if applicable) and Franchise Agreements. Even if we permit you to designate a General Manager to supervise your operations under the Agreements, your Operating Principal remains ultimately responsible for the General Manager's performance. The General Manager must devote his or her full time and best efforts to the supervision of your operations under the Agreements.

You must notify us promptly if your Operating Principal or General Manager cannot continue to serve or no longer qualifies as an Operating Principal or a General Manager. You will have 30 days from the date of the notice (or from any date that we independently determine the Operating Principal or General Manager no longer meets our standards) to take corrective action. During that 30-day period, you must provide for interim management of your operations in compliance with the Franchise Agreement and the Development Agreement.

~~You must designate and retain at all times during the term of the Franchise Agreement at least 1 Spa Coordinator to coordinate the day-to-day operations of the Spa.~~ You must also designate retain at all times during the term of the Franchise Agreement the following personnel: at least 1 registered massage therapist; at least 1 licensed esthetician; and at least 1 licensed nail technician. The massage therapist, esthetician, and nail technician must at all times maintain all licenses and/or registrations required under applicable laws or regulations.

We ~~may~~ require your current and future Principals to sign a Guaranty in the form of Attachment A to the Franchise Agreement and, if applicable, the Development Agreement, guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement and, if applicable, the Development Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures. If you are an individual, your spouse may be required to sign the Guaranty, making your spouse jointly and severally liable for your obligations.

At our request, you must have your General Manager ~~and Spa Coordinator~~ and any other personnel who will have access to our training sign covenants not to compete and agree to maintain the confidentiality of information they have access to through their relationship with you. These covenants will be in substantially the form of Attachment B to the Franchise Agreement and Attachment B to the Development Agreement. Those of your Principals who are not signing the Guaranty also must execute these covenants. We have the right, in our sole discretion, to decrease the period of time or geographic scope of the noncompetition covenants or eliminate the noncompetition covenant altogether for any person who must sign an agreement described in this paragraph.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All products and services you use or sell at the Spa must conform to our standards and specifications. (See Item 8.) These are described in our Manuals and other writings. You must not deviate from our standards

and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for the Spa.

You must offer and sell all products and services we require. You must sell only the products and services that we have expressly approved in writing. You must stop selling any products or services that we disapprove in writing. You must open and operate the Spa during the hours we specify in the Manual or otherwise in writing. We have the absolute right to remove all unapproved products, goods and materials from Woodhouse Day Spas.

We reserve the right to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

You may not advertise, promote, post, or list information relating to the Spa on the Internet (through the creation of a Website or otherwise), unless we decide to include information about your Spa on our Website or we otherwise approve of such activity in writing.

You may offer and sell Spa products and services which we have approved in writing only through your internal page on our Website in accordance with our standards, protocols and restrictions. You must cease offering or selling Spa products and services through the Internet immediately upon written notice from us.

We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or on sell or the customers to whom you may offer or sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the Franchise Agreement, the Development Agreement, and related agreements. You should read these provisions in the Franchise Agreement and the Development Agreement attached to this disclosure document.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section III.A.	10 year initial term.
b. Renewal or extension of the term	Section III.B.	1 additional 10 year term.
c. Requirements for franchisee to renew or extend	Section III.B.	Your renewal rights permit you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document. Other conditions include: Give written notice; update required items; not be in default; pay all money owed; retain right to Location; pay is a renewal fee; execute general release (See Exhibit G); comply with then-current qualifications and training requirements.

Provision	Section in Franchise Agreement	Summary
d. Termination by franchisee	None except as may be permitted under applicable law.	There is no contractual termination right. You may be permitted to terminate the Franchise Agreement under applicable law (subject to state law).
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section XVII.	We may terminate on your default of the Franchise Agreement. Termination of any Franchise Agreement between you and us provides us the right to terminate any other Franchise Agreement between you (or your affiliate) and us. Termination of any Development Agreement between you and us does not provide us the right to terminate any Franchise Agreement between you and us.
g. "Cause" defined - curable defaults	Section XVII.D.	For any default except those specified non-curable you have 30 days to cure (5 days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; 7 days if you fail to obtain the required insurance coverages; 10 days you fail to comply with the noncompetition covenants).
h. "Cause" defined - non-curable defaults	Sections XVII.B. and XVII.C.	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; operation of Spa at location that we have not accepted; failure to obtain acceptance of proposed site or acquire Location, to construct or remodel in accordance with prototypical plans, to begin business within the required time period; abandonment or forfeiture of right to do business; conviction of certain crimes; threat to public health or safety; unauthorized transfer; failure to comply with certain confidentiality covenants; false records or submission of false reports; breach of any covenants or false representations; failure to comply with quality assurance program; default of any other franchise agreement; repeated defaults whether or not cured.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Section XVIII.	Stop operating your Spa and using the System's confidential methods, procedures techniques and marks; cancel any registration containing the Marks; pay amounts due and our damages and enforcement costs; pay liquidated damages to us if the Franchise Agreement is terminated due to your default; pay us an amount equal to 50% the total outstanding balance of all coupons, gift cards, gift certificates and vouchers issued by the Spa as of the date of termination or expiration; comply with confidentiality and non-competition covenants; return all Manuals and other proprietary materials; at our option, sell or assign us your rights in business telephone numbers, advertising and promotional materials, furnishings equipment, and the premises.
j. Assignment of contract by franchisor	Section XIV.A.	We may transfer our rights without restriction.
k. "Transfer" by franchisee – definition	Sections XIV.B. and XIV.D.	You must not transfer any direct or indirect interest in you, the Franchise Agreement or the assets of the franchised business without our consent. A Principal not signing the Guaranty may assign a non-controlling interest in you without our consent on notice to us.
l. Franchisor approval of Transfer by franchisee	Section XIV.B.	We must consent and you must meet conditions before transferring.
m. Conditions for franchisor approval of transfer	Section XIV.B.	Pay all amounts due; not be in default; execute a general release (see Exhibit G); pay transfer fee; remain liable for pre-transfer obligations. Transferee must meet our criteria, complete required training, guaranty obligations; enter into then-current franchise agreement and upgrade the Spa.
n. Franchisor's right of first refusal to acquire franchisee's business	Section XIV.E.	On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Sections XVIII.A (8) and (9) and XVIII.B.	Upon termination or expiration we have the option to purchase your advertising materials bearing the Marks at your cost. We have the option to purchase the furnishings, equipment, signs, fixtures, supplies, materials and other assets, at fair market value, and, if you own the land were the Spa is located, we have the option to lease the land (and any building on the land used for the operation of the Spa), for fair market value. We have the option to have the lease for the premises of the Spa assigned to us.
p. Death or disability of franchisee	Section XIV.F.	On death or permanent disability of you or a Principal the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section X.C.(l)	You may not operate or have an interest in a business which is similar to the franchised business (non-competition provisions are subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Sections X.C.(2)	For 2 years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to the franchised business at the Location, within the Protected Area, or within a 5-mile radius of the location of any Woodhouse Day Spa then in existence or under construction (non-competition provisions are subject to state law).
s. Modification of the agreement	Sections X.A. and XIX.B.	Except for changes we can make unilaterally, changes require mutual agreement. You must comply with the Manuals as amended.
t. Integration/merger clause	Section XIX.B.	Except as otherwise required by applicable state law, only the terms of the Franchise Agreement, franchise disclosure document, and other related written agreements are binding. No other representations or promises are binding. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section XIX.G.	Except as otherwise required by applicable state law, claims, controversies or disputes arising out of or relating to the Franchise Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property.

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Sections XIX.G. and XIX.H.	Except as otherwise required by applicable state law, mediation in Victoria, Texas, except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. (See state specific addenda) Venue for any other proceeding is Victoria County, Texas or the federal district court for the Southern District of Texas.
w. Choice of law	Section XIX.I.	Except as otherwise required by applicable state law, the Franchise Agreement is to be interpreted and construed under Texas law, except for Texas choice of law rules. (See state specific addenda.)

Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section IV.	The earlier of the date your development obligations are complete or 12:00 midnight on the last day specified in the Development Schedule.
b. Renewal or extension of the term	Section III.B.	We may extend the term of the Development Agreement to allow you to develop a replacement Spa.
c. Requirements for franchisee to renew or extend	Section III.B.	If the extension is to permit you to develop a replacement Spa, you must develop the replacement within 210 days.
d. Termination by franchisee	None except as may be permitted under applicable law.	There is no contractual termination right. You may be permitted to terminate the Development Agreement under applicable law (subject to state law).
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section ~~VII~~VI.	We may terminate on your default of the Development Agreement. Your default of any Franchise Agreement between you (or your affiliate) and your failure to cure the default provides us the right to terminate the Development Agreement between you and us.
g. "Cause" defined - curable defaults	Section ~~VII~~VI.C.	For any default except those specified as noncurable you have 30 days to cure (5 days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; 7 days if you fail to obtain the required insurance coverages).

Provision	Section in Development Agreement	Summary
h. "Cause" defined - non-curable defaults	Section ~~VII~~VI.A. and ~~VII~~VI.B.	Insolvency; general assignment for benefit of creditors; bankruptcy; receivership; final judgment remains unsatisfied for 30 days or more; dissolution; execution of levy or sale after levy; foreclosure proceedings not dismissed within 30 days; failure to qualify for grant of license, comply with development schedule, to develop replacement Spa and to execute Franchise Agreement; conviction of certain crimes; unauthorized transfer; failure to comply with certain confidentiality covenants; breach of any covenants or false representations; failure to effect approved transfer upon death or permanent disability; repeated defaults whether or not cured; default under any other franchise agreement and failure to cure.
i. Franchisee's obligations on termination/non-renewal	Section ~~VII~~VI.F.	You will have no right to establish or operate any Spa for which a Franchise Agreement has not been executed; you must pay amounts due and our damages and enforcement costs; comply with confidentiality and non-competition covenants.
j. Assignment of contract by franchisor	Section ~~VIII~~VII.A.	We may transfer our rights without restriction.
k. "Transfer" by franchisee – definition	Sections ~~VIII~~VII.B.~~,~~ ~~VIII.C.~~ and ~~VIII~~VII.~~D~~C.	~~You must not~~Includes transfer, assignment, or sale of any direct or indirect interest in you, the Development Agreement, or ~~the assets of the~~any business ~~without our consent~~operated under the Development Agreement (except as provided in the relevant Franchise Agreement).
l. Franchisor approval of Transfer by franchisee	Section ~~VIII~~VII.B.	~~We must consent and you must meet conditions before transferring.~~You may not transfer any direct or indirect interest in you, the Development Agreement, or the assets of the business, except a person other than a Principal who has signed a Guaranty may transfer a non-controlling interest in you without our consent on notice to us.
m. Conditions for franchisor approval of transfer	Section ~~VIII~~VII.~~B.~~C.	~~Pay all amounts due; not be in default; execute a general release (See Exhibit G); pay transfer fee; remain liable for pre-transfer obligations. Transferee must meet our criteria, complete required training, guaranty obligations; enter into then-current development agreement; and~~

Provision	Section in Development Agreement	Summary
		~~pay training, legal and accounting costs associated with transfer.~~A person other than a Principal who has signed a Guaranty may transfer a non-controlling interest in you on notice to us as long as the transferee is not a competitor and, upon our request, signs a Guaranty and/or a confidentiality agreement and ancillary covenants not to compete.
n. Franchisor's right of first refusal to acquire franchisee's business	~~Section VIII.E.~~Not Applicable	~~On 30 days written notice, we have the option to purchase an interest being transferred on the same terms and conditions offered by a third party.~~ Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Section ~~VIII~~VII.~~F.~~D.	On death or permanent disability of you or a Principal the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section ~~IX~~VIII.B.(1)	You may not operate or have an interest in a business which is similar to the franchised business (non-competition provisions are subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section ~~IX~~VIII.B.(2)	For 2 years you may not divert any of your business or customers to a competitor or have an interest in any business that is similar to the franchised business within the Territory or within a 5-mile radius of the location of any Woodhouse Day Spas then in existence or under construction (non-competition provisions are subject to state law).
s. Modification of the agreement	Section ~~XII~~XI.B.	Except for changes we can make unilaterally, changes require mutual agreement.
t. Integration/merger clause	Section ~~XII~~XI.B.	Except as otherwise required by applicable state law, only the terms of the Development Agreement, franchise disclosure document, and other related written agreements are binding. No other representations or promises are binding. Notwithstanding the foregoing, nothing in any Development Agreement is intended to disclaim the express representations made in this franchise disclosure document.

Provision	Section in Development Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section ~~XII~~XI.~~F.~~E.	Except as otherwise required by applicable state law, claims, controversies or disputes from or relating to the Development Agreement must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to real property.
v. Choice of forum	Sections ~~XII~~XI.~~F~~E. and ~~XII~~XI.~~G~~F.	Except as otherwise required by applicable state law, mediation in Victoria, Texas, except actions for monies owed, injunctive relief, or relief related to real property, the Marks or confidentiality information. (See state specific addenda) Venue for any other proceeding is Victoria County, Texas or the federal district court for the Southern District of Texas.
w. Choice of law	Section ~~XII~~XI.~~H.~~G.	Except as otherwise required by applicable state law, the Development Agreement is to be interpreted and construed under Texas law, except for Texas choice of law rules. (See state specific addenda.)

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

~~We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Ben Jones at 300 Union Boulevard, Suite 600, Lakewood, Colorado 80228, and 303-351-0121, the Federal Trade Commission, and the appropriate state regulatory agencies.~~

GROSS SALES

The figures below represent the median and average Gross Sales for each quarter during calendar years 2019 and 2020 reported by Woodhouse Day Spa locations that satisfied the Reporting Criteria (as defined

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

The following table includes information regarding the total number of Woodhouse Day Spa franchise locations in the United States that met or exceeded all of the following criteria as of the last day of December 31, 2020 ("Reporting Criteria"): (a) was first open for business on or before January 1, 2019; (b) was open and operating in the United States under a Franchise Agreement as of December 31, 2020; (c) was not owned, operated, or under contract to purchase by Franchisor or any of its affiliates at any time during the calendar years 2019 or 2020; and (d) submitted all required sales reports during the 2019 and 2020 calendar years. Woodhouse Day Spa franchise locations that temporarily closed in 2020 as a result of governmental closure orders or mandates related to COVID-19 but that otherwise met the Reporting Criteria are included in the following table.

The median and average information for Gross Sales was prepared from the records and reports, as reported by Franchisees of each of the Woodhouse Day Spa locations satisfying the Reporting Criteria as of December 31, 2020. We have relied solely on the information reported to us by Franchisees. We do not know of an instance, nor do we have reason to believe, that any Franchisee would misstate its information. However, these Franchisee reports have not been audited, and we have not verified the numbers reported.

To calculate the median and average Gross Sales, we analyzed information, as reported by Franchisees of each of the Woodhouse Day Spa locations satisfying the Reporting Criteria. We then provided the lowest Gross Sales amount and the highest Gross Sales amount for such franchised locations for each quarter of the calendar years 2019 and 2020. "Gross Sales" is the total selling price of all services and products and all income of every other kind and nature related to the Spa, including income from the sale of products and services over the Internet, whether for cash or credit and regardless of collection in the case of credit. Gross Sales includes the full value of spa products or services furnished to your employees as an incident to their employment (except you may credit the value of any discounts against Gross Sales during the week in which the products or services are provided) and all proceeds from the sale of coupons, gift cards, gift certificates or vouchers, including amounts paid directly to you by third party marketing companies (e.g., Groupon) for similar payment devices. Gross Sales does not include (i) receipts from any public telephone or vending machine installed in your Spa, except for your share of the revenues; (ii) sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; (iii) proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your Spa; (iv) tips or gratuities paid directly by Spa customers to your employees or paid to you and then turned over to your employees by you in lieu of direct tips or gratuities; (v) returns to shippers or manufacturers and (vi) the retail price for the services provided in exchange for coupons, gift cards, gift certificates or vouchers, unless sales proceeds are not recorded and reported for royalty purposes at the time the coupon, gift card, gift certificate or voucher is sold, or if those coupons, gift cards, gift certificates or vouchers are distributed free of charge, in which event, the retail price for the services provided in exchange for those coupons, gift cards, gift certificates or vouchers is included in Gross Sales. The term "Average" refers to the sum of all data points in a set, divided by the number of data points in that set. The term "Median" refers to the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event that the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two. As a result, in all cases when a median number is stated, approximately 50% of the Franchised Locations met or exceeded the stated median.

Some Spas have sold or achieved this amount. Your individual results may differ. There is no assurance that you'll sell or achieve as much.

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, income, costs, or profits of a Woodhouse Day Spa other than that disclosed here.

HISTORICAL GROSS SALES DATA

Median and Average Gross Sales Expenses for 2019 and 2020 for Franchised Locations Satisfying the Reporting Criteria

	Average		Median		Highest in Range		Lowest in Range	
	2019	2020	2019	2020	2019	2020	2019	2020
Q1	$352,202.03	$339,619.57	$315,920.17	$318,069.83	$804,326.81	$724,182.24	$80,684.45	$90,186.44
Q2	$435,271.07	$133,060.84	$425,831.85	$121,649.05	$990,917.78	$387,638.34	$106,326.72	14,990.76
Q3	$377,379.27	$292,260.00	$358,854.76	$271,700.62	$832,183.09	$650,464.51	$84,155.20	$40,808.37
Q4	$642,496.65	$485,059.05	$585,477.91	$447,454.04	$1,401,411.44	$1,006,742.31	$170,064.86	$138,706.04

Notes

(1) As of 12/31/2020, we had 64 Woodhouse Day Spa franchised locations open and operating in the United States. Of this total, 54 (84.37%) met the Reporting Criteria and 10 (15.63%) Woodhouse Day Spa locations did not meet the Reporting Criteria. Two (2) franchised outlets, which had been open for more than 12 months, closed during 2019. One (1) franchised outlet, which had been open for more than 12 months, closed during 2020. No franchised outlet closed during 2019 or 2020 after being open less than 12 months.

(2) Of the 54 Woodhouse Day Spa locations that met the Reporting Criteria as of 12/31/2020, 24 (44.44%) met or exceeded the Average Gross Sales for the first quarter of 2019 and 23 (42.59%) met or exceeded the Average Gross Sales for the first quarter of 2020.

(3) Of the 54 Woodhouse Day Spa locations that met the Reporting Criteria as of 12/31/2020, 24 (44.44%) met or exceeded the Average Gross Sales for the second quarter of 2019 and 21 (38.89%) met or exceeded the Average Gross Sales for the second quarter of 2020.

(4) Of the 54 Woodhouse Day Spa locations that met the Reporting Criteria as of 12/31/2020, 22 (40.74%) met or exceeded the Average Gross Sales for the third quarter of 2019 and 26 (48.15%) met or exceeded the Average Gross Sales for the third quarter of 2020.

(5) Of the 54 Woodhouse Day Spa locations that met the Reporting Criteria as of 12/31/2020, 23 (42.59%) met or exceeded the Average Gross Sales for the fourth quarter of 2019 and 23 (42.59%) met or exceeded the Average Gross Sales for the fourth quarter of 2020.

(6) Of the 54 Woodhouse Day Spa locations that met the Reporting Criteria as of 12/31/2020, 27 (50%) met or exceeded the Median Gross Sales for each quarter of 2019 and 2020.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years ~~2017~~2018 to ~~2019~~2020[(1)]

~~Column 1~~ Outlet Type	~~Column 2~~ Year	~~Column 3~~ Outlets at the Start of the Year	~~Column 4~~ Outlets at the End of the Year	~~Column 5~~ Net Change
Franchised	~~2017~~2018	~~49~~52	~~53~~58	+~~4~~6
	~~2018~~2019	~~53~~58	~~59~~61	+~~6~~3
	~~2019~~2020	~~59~~61	~~61~~67	+~~2~~6
Company-Owned	~~2017~~	~~4~~	~~4~~	~~0~~
Company- Owned	2018	4	4	0
	2019	4	2	-2
	2020	2	2	0
Total Outlets	~~2017~~**2018**	~~53~~**56**	~~57~~**62**	+~~4~~**6**
	~~2018~~**2019**	~~57~~**62**	**63**	+~~6~~**1**
	~~2019~~**2020**	**63**	~~63~~**69**	~~0~~+**6**

Notes:

1. All numbers are as of our December 31 fiscal year end.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2017~~2018 to ~~2019~~2020[(1)]

~~Column 1~~ State	~~Column 2~~ Year	~~Column 3~~ Number of Transfers
Colorado	2018	0
	2019	0
	2020	1
Louisiana	~~2017~~2018	~~0~~1
	~~2018~~	~~1~~
	2019	0
	~~2019~~2020	0
Total	~~2017~~**2018**	~~0~~**1**
	2019	**0**
	~~2018~~**2020**	**1**
	~~2019~~	~~0~~

Notes:

1. All numbers are as of our December 31 fiscal year end.

Table No. 3
Status of Franchised Outlets
For years ~~2017~~2018 to ~~2019~~2020[(1)]

~~Col. 1~~	~~Col. 2~~	~~Col. 3~~	~~Col. 4~~	~~Col. 5~~	~~Col. 6~~	~~Col. 7~~	~~Col. 8~~	~~Col. 9~~
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termina-tions**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Opera-tions-Other Reasons**	**Outlets at End of the Year**
Alabama	~~2017~~2018	0	0	0	0	0	0	0
	~~2018~~2019	0	~~0~~1	0	0	0	0	~~0~~1
	~~2019~~2020	~~0~~1	~~1~~0	0	0	0	0	1
	~~2017~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
~~California~~California	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Colorado	~~2017~~2018	6	0	0	0	0	0	6
	~~2018~~2019	6	0	0	0	0	0	6
	~~2019~~2020	6	~~0~~1	0	0	0	0	~~6~~7
Florida	~~2017~~2018	3	~~0~~1	0	0	0	~~0~~1	3
	~~2018~~2019	3	~~1~~0	0	0	0	~~1~~0	3
	~~2019~~2020	3	0	0	0	0	0	3
Georgia	~~2017~~2018	1	~~0~~1	0	0	0	0	~~1~~2
	~~2018~~2019	~~1~~2	~~1~~0	0	0	0	0	2
	~~2019~~2020	2	0	0	0	0	0	2
Indiana	~~2017~~2018	4	0	0	0	0	0	4
	~~2018~~2019	4	0	0	0	0	0	4
	~~2019~~2020	4	~~0~~1	0	0	0	0	~~4~~5
Kentucky	~~2017~~2018	~~1~~2	~~1~~0	0	0	0	0	2

~~Col. 1~~	~~Col. 2~~	~~Col. 3~~	~~Col. 4~~	~~Col. 5~~	~~Col. 6~~	~~Col. 7~~	~~Col. 8~~	~~Col. 9~~
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termina-tions**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Opera-tions-Other Reasons**	**Outlets at End of the Year**
	~~2018~~2019	2	~~0~~1	0	0	0	0	~~2~~3
	~~2019~~2020	~~2~~3	~~1~~0	0	0	0	0	3
Louisiana	~~2017~~2018	3	0	0	0	0	0	3
	~~2018~~2019	3	~~0~~1	0	0	0	0	~~3~~4
	~~2019~~2020	~~3~~4	~~1~~0	0	0	0	0	4
Maryland	~~2017~~2018	1	~~0~~1	0	0	0	0	~~1~~2
	~~2018~~2019	~~1~~2	~~1~~0	0	0	0	0	2
	~~2019~~2020	2	0	0	0	0	0	2
Michigan	~~2017~~2018	~~1~~2	1	0	0	0	0	~~2~~3
	~~2018~~2019	~~2~~3	~~1~~0	0	0	0	0	3
	~~2019~~2020	3	0	0	0	0	0	3
Minnesota	~~2017~~2018	1	~~0~~1	0	0	0	0	~~1~~2
	~~2018~~2019	~~1~~2	~~1~~0	0	0	0	0	2
	~~2019~~2020	2	0	0	0	0	0	2
Mississippi	~~2017~~2018	1	0	0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
	~~2019~~2020	1	0	0	0	0	~~0~~1	~~1~~0
New Jersey	~~2017~~2018	3	0	0	0	0	0	3
	~~2018~~2019	3	0	0	0	0	0	3
	~~2019~~2020	3	0	0	0	0	0	3

~~Col. 1~~	~~Col. 2~~	~~Col. 3~~	~~Col. 4~~	~~Col. 5~~	~~Col. 6~~	~~Col. 7~~	~~Col. 8~~	~~Col. 9~~
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termina-tions**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Opera-tions-Other Reasons**	**Outlets at End of the Year**
New York	~~2017~~2018	1	~~1~~0	~~1~~[(2)]0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
	~~2019~~2020	1	0	0	0	0	0	1
Ohio	~~2017~~2018	3	~~0~~1	0	0	0	0	~~3~~4
	~~2018~~2019	~~3~~4	1	0	0	0	0	~~4~~5
	~~2019~~2020	~~4~~5	~~1~~0	0	0	0	0	5
Pennsylvania	~~2017~~2018	1	0	0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
	~~2019~~2020	1	0	0	0	0	0	1
South Carolina	~~2017~~2018	1	0	0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
	~~2019~~2020	1	~~0~~2	0	0	0	0	~~1~~3
Tennessee	~~2017~~2018	~~2~~3	~~1~~0	0	0	0	0	3
	~~2018~~2019	3	0	~~0~~2	0	0	0	~~3~~1
	~~2019~~2020	~~3~~1	0	~~2~~0	0	0	0	1
Texas	~~2017~~2018	~~12~~13	1	0	0	0	0	~~13~~14
	~~2018~~2019	~~13~~14	1	0	0	0	0	~~14~~15
	~~2019~~2020	~~14~~15	~~1~~2	~~0~~1	0	0	0	~~15~~16
Utah	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1

~~Col. 1~~	~~Col. 2~~	~~Col. 3~~	~~Col. 4~~	~~Col. 5~~	~~Col. 6~~	~~Col. 7~~	~~Col. 8~~	~~Col. 9~~
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termina-tions**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Opera-tions-Other Reasons**	**Outlets at End of the Year**
Virginia	~~2017~~2018	1	0	0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
	~~2019~~2020	1	~~0~~1	0	0	0	0	~~1~~2
Wisconsin	~~2017~~2018	1	0	0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	0	1
	~~2019~~2020	1	0	0	0	0	0	1
Totals	~~2017~~**2018**	~~48~~**52**	~~5~~**7**	~~1~~**0**	**0**	**0**	~~0~~**1**	~~52~~**58**
	~~2018~~	~~52~~	~~7~~	~~0~~	~~0~~	~~0~~	~~1~~	~~58~~
	2019	**58**	**5**	**2**	**0**	**0**	**0**	**61**
	2020	**61**	**8**	**1**	**0**	**0**	**1**	**67**

Notes:

(1) All numbers are as of our December 31 fiscal year end.

~~(2) We entered into Mutual Termination Agreements with the franchisees for the Spas in these states.~~

Table No. 4
Status of Company-Owned Outlets
For years ~~2017~~2018 to ~~2019~~2020(1)

~~Col. 1~~	~~Col. 2~~	~~Col. 3~~	~~Col. 4~~	~~Col. 5~~	~~Col. 6~~	~~Col. 7~~	~~Col. 8~~
State	**Year**	**Outlets at Start of the Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of the Year**
Texas	~~2017~~2018	4	0	0	0	0	4
	~~2018~~2019	4	0	0	~~0~~2	0	~~4~~2
	~~2019~~2020	~~4~~2	0	0	~~2~~0	0	2
Totals	~~2017~~**2018**	**4**	**0**	**0**	**0**	**0**	**4**
	~~2018~~**2019**	**4**	**0**	**0**	~~0~~**2**	**0**	~~4~~**2**
	~~2019~~**2020**	~~4~~**2**	**0**	**0**	~~2~~**0**	**0**	**2**

Notes:

(1) All numbers are as of our December 31 fiscal year end. These Company-Owned are owned by our affiliates. DWYL I and DWYL II.

Table No. 5
Projected Openings As ~~Of~~of December 31, ~~2019~~2020

~~Column 1~~ State	~~Column 2~~ Franchise Agreements Signed But Outlet Not Opened	~~Column 3~~ Projected New Franchised Outlet In The Next Fiscal Year	~~Column 4~~ Projected New Company-Owned Outlet In the Next Fiscal Year
Colorado	~~2~~1	~~2~~1	0
Florida	~~1~~2	~~0~~1	0
Georgia	1	1	0
Illinois	1	0	0
Indiana	~~2~~1	~~2~~1	0
Kansas	1	1	0
New Jersey	1	1	0
Ohio	1	1	0
~~South Carolina~~	~~2~~	~~2~~	~~0~~
Texas	~~4~~2	~~2~~1	0
~~Utah~~	~~1~~	~~1~~	~~0~~
~~Virginia~~	~~1~~	~~1~~	~~0~~
Total	~~18~~**11**	~~14~~**8**	**0**

The names, addresses, and telephone numbers of our franchisees and developers and their outlets as of December 31, ~~2019~~2020 are attached as Exhibit D to this disclosoure document.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had a Franchise Agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who has left the system during the most recently completed fiscal year, or has not communicated with us within 10 weeks of the issuance date of this disclosure document is listed ~~on~~in Exhibit E.

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

As of the issuance date of this disclosure document, we are not offering any outlets we control that were previously owned by a franchisee. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a supplement to this disclosure document.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with The Woodhouse SPAS, LLC. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Associations and/or Organizations

We have formed the Franchise Advisory Council ("FAC") described in Item 11, which provides advice to us on various matters, including advertising. ~~There are no trademark-specific franchisee organizations associated with the franchise system being offered in this franchise disclosure document. As of date of disclosure document, no~~The contact information for the FAC is 300 Union Boulevard, Suite. 600, Lakewood, Colorado 80228; erin@woodhousespashq.com.

The following independent franchisee ~~organizations have~~organization has asked to be included in this ~~disclosure document.~~ Disclosure Document: IAWSF, an Independent Association of Woodhouse Spas® Franchisees, A Chapter of the American Association of Franchisees & Dealers, PO Box 10158, Palm Desert, CA 92255-1058, Phone (619)-209-3775, Fax (866)-855-1988, Email: iawsf@aafdchapters.org.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are (i) our audited financial statements for our fiscal year ended December 31, 2020; (ii) our audited financial statements for our fiscal years ending December 31, 2019~~,~~ and December 31, 2018~~; (ii) our audited financial statements for the fiscal year ending December 31, 2017~~; and (iii) our unaudited financial statements from January 1, ~~2020~~2021 through ~~May~~March 31, ~~2020~~2021. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

1. Development Agreement (with attachments).
2. Franchise Agreement (with attachments).
3. Form of General Release.

ITEM 23
RECEIPTS

Attached as the last ~~2~~two pages of this disclosure document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A

FINANCIAL STATEMENTS

The Woodhouse SPAS, LLC

(a wholly owned subsidiary of Woodhouse Gathering, LLC)

Financial Report

December 31, 2020

The Woodhouse SPAS, LLC

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Independent Auditor's Report

To the Board of Directors
The Woodhouse SPAS, LLC

We have audited the accompanying financial statements of The Woodhouse SPAS, LLC (the "Company"), which comprise the balance sheet as of December 31, 2020 and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Woodhouse SPAS, LLC as of December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

April 30, 2021

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The Woodhouse SPAS, LLC

Balance Sheet

December 31, 2020

Assets		
Current Assets		
Cash	$	1,597,108
Accounts receivable - Net		59,024
Inventory		74,108
Notes receivable		30,044
Related party receivable (Note 5)		1,068,341
Deferred costs		190,950
Prepaid expenses		223,608
Total current assets		3,243,183
Property and Equipment - Net (Note 3)		219,377
Intangible Assets - Net		23,033
Other Assets		
Deposits		7,100
Deferred costs - Net of current portion		448,651
Total other assets		455,751
Total assets	**$**	**3,941,344**
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	$	122,344
Related party payable		26,086
Settlement obligations (Note 8)		115,645
Deferred revenue		540,616
Accrued and other current liabilities		95,367
Total current liabilities		900,058
Other Long-term Liabilities		
Settlement agreements - Net of current portion (Note 8)		308,780
Deferred revenue - Net of current portion		690,058
Other long-term liabilities		51,066
Total liabilities		1,949,962
Members' Equity		1,991,382
Total liabilities and members' equity	**$**	**3,941,344**

See notes to financial statements.

The Woodhouse SPAS, LLC

Statement of Operations

Year Ended December 31, 2020

Net Revenue	
Royalties	$ 4,545,720
Franchise fees	468,888
Franchise marketing fees	208,380
Other revenue	1,196,569
Technology fees	348,975
Total net revenue	6,768,532
Operating Expenses	4,452,517
Regional Developer Termination Expenses (Note 8)	7,584,500
Operating Loss	(5,268,485)
Nonoperating Income (Expense)	
Interest income	380
In-substance government grant income (Note 9)	388,447
Interest expense	(3,027)
Other expense	(347,454)
Total nonoperating income	38,346
Net Loss	**$ (5,230,139)**

See notes to financial statements.

The Woodhouse SPAS, LLC

Statement of Members' Equity

Year Ended December 31, 2020

	Additional Paid-in Capital	Accumulated Stockholders' Deficit	Total (Stockholders' Deficit) Member's Equity
Balance - January 1, 2020	$ 988,911	$ (1,351,890)	$ (362,979)
Net loss	-	-	(5,230,139)
Conversion of stockholders' deficit to members' equity due to change in entity structure from a corporation to a limited liability company effective June 29, 2020 (Note 1)	(988,911)	1,351,890	(362,979)
Contributions (Note 8)	-	-	7,584,500
Balance - December 31, 2020	**$ -**	**$ -**	**$ 1,991,382**

See notes to financial statements.

The Woodhouse SPAS, LLC

Statement of Cash Flows

Year Ended December 31, 2020

Cash Flows from Operating Activities		
Net loss	$	(5,230,139)
Adjustments to reconcile net loss to net cash and cash equivalents from operating activities:		
Depreciation and amortization		61,601
Loss on disposal of intangibles		135,599
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable		71,931
Inventory		178,564
Accounts receivable affiliates		874,474
Due from affiliates		(408,676)
Due from shareholder		527,791
Other receivables		16,588
Deferred costs		188,536
Prepaid expenses		(168,718)
Note receivable		(30,044)
Accounts payable		(989,507)
Accrued expenses		(160,460)
Deferred revenue		(1,264,688)
Settlement obligations		(115,933)
Other long-term liabilities		51,066
Net cash and cash equivalents used in operating activities		(6,262,015)
Cash Flows Used in Investing Activities - Purchase of property and equipment		(4,698)
Cash Flows from Financing Activities		
Payments on line of credit		(185,000)
Payments on debt		(224,875)
Contributions		7,584,500
Net cash and cash equivalents provided by financing activities		7,174,625
Net Increase in Cash and Cash Equivalents		907,912
Cash and Cash Equivalents - Beginning of year		689,196
Cash and Cash Equivalents - End of year	**$**	**1,597,108**
Supplemental Cash Flow Information - Cash paid for interest	$	27,910

See notes to financial statements.

Note 1 - Nature of Business

The Woodhouse SPAS, LLC (the "Company") is a limited liability company organized under the laws of Texas on June 29, 2020 and is a wholly owned subsidiary of Woodhouse Gathering, LLC. The Company is a franchisor organized to sell and administer a franchise program for day spas designed by the Company under the trade name The Woodhouse Day Spa.

In July 2020, Woodhouse SPAS Corporation entered into an equity purchase agreement with Woodhouse Gathering, LLC. As a result of the transaction, a change of control occurred. Prior to the transaction, pursuant to Texas law, The Woodhouse SPAS Corporation elected to convert from a Texas corporation to a Texas limited liability company called The Woodhouse SPAS, LLC. All equity interests in The Woodhouse SPAS, LLC were sold, and The Woodhouse SPAS, LLC became a wholly owned subsidiary of Woodhouse Gathering, LLC. The transaction was accounted for by Woodhouse Gathering, LLC, and management elected not to adopt push-down accounting.

As part of the overall transaction, an equity contribution of approximately $7.6 million was made to satisfy the mutual termination agreements with the Company's regional developers (see Note 10).

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Trade Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts on accounts receivable balances was $0 as of December 31, 2020, as the Company deems all accounts receivable to be collectible.

Inventory

Inventory consists of furniture and fixtures and supplies to be sold to franchisees. Inventory is stated at the lower of cost or net realizable value.

Cost is determined by the weighted average on the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are recorded at cost net of accumulated depreciation. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets from three to seven years and the shorter of the estimated economic life or related lease terms for leasehold improvements. Maintenance and repairs are expensed as incurred, and improvements are capitalized.

Depreciable lives for property and equipment are as follows:

	Depreciable Life - Years
Equipment	5
Furniture and fixtures	7
Leasehold improvements	7-10

Note 2 - Significant Accounting Policies (Continued)

Intangible Assets

Intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

Useful lives for intangible assets are as follows:

	Useful Life - Years
Website and internal-use software	3-7

Revenue and Cost Recognition

The Company's revenue mainly consists of franchise fees, royalty income, and marketing fees. The Company sells individual franchisees the right to operate a franchised spa within a defined territory using the franchise name. The initial term of franchise agreements is typically 10 years with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

The Company has obligations to provide franchisees with the right to operate a spa, training, and site selection. The Company has concluded that the training element of the activities represents a performance obligation to which the franchise fee is allocated. Therefore, initial franchise fees for each agreement are allocated to each performance obligation and recognized as training is performed, which typically aligns with the date a franchisee opens. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. The Company also provides marketing support for which fees are charged. Income for royalties and marketing fees is recognized as sales occur or services are provided.

Payment Terms

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is executed and are nonrefundable. Royalties and marketing fees are paid on a monthly basis, based upon a percentage of franchisee gross sales. Total receivables, net of allowances, from royalties and marketing fees at December 31, 2020 and January 1, 2020 were $59,024 and $130,955, respectively.

Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheet. Total deferred revenue at December 31, 2020 and January 1, 2020 was $1,230,674 and $2,495,362, respectively.

The Company also generates revenue from sales of equipment to its franchisees and related services and recognizes revenue in the period earned. The Company charges shipping and handling costs for equipment resale and accounts for income within other fees revenue.

Technology fees are billed monthly to the franchisee at a fixed amount and are recognized as revenue when earned.

Note 2 - Significant Accounting Policies (Continued)

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to operate a location. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and marketing fees, as the transaction price is based on the franchisees sales. The variable consideration is recognized based on the actual amounts incurred each month.

Cost to Obtain a Contract

The Company pays commissions to internal staff and third parties that assist in selling franchise agreements. These commissions were $152,536 for the year ended December 31, 2020. As these represent the cost to obtain the franchise contract, they are deferred as long-term prepaid expenses. The amounts deferred will be amortized over a 10-year period as the corresponding franchise agreement is recognized as revenue. The commissions are not payable to the third parties until a salon opens.

Marketing Expenses

In accordance with the franchise agreement, franchisees pay a percentage of monthly sales to a marketing fund (the "fund") to be used for advertising, marketing, and other promotional purposes to benefit the entire franchise system. The contribution received from franchisees for marketing is accounted for in a separate set of accounts by the Company. Any excess amounts remaining in the marketing fund at the end of the year are used for marketing and promotion in the following year.

Marketing fund fees from the franchisees totaled $208,380 for 2020, which are included in net revenue in the accompanying statement of operations, and marketing expense of $307,261 for the fund is included in operating expenses. At December 31, 2020, no marketing funds remained unspent.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. Members are taxed individually on their pro rata ownership share of the Company’s earnings. The Company’s net income or loss is allocated among the members in accordance with the Company’s operating agreement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Company's year ending December 31, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Company is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on the Company's financial statements as a result of the Company's operating leases, as disclosed in Note 6, that will be reported on the balance sheet at adoption. Upon adoption, the Company will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID 19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. During 2020, franchisees in certain markets were closed down based on regional stay-at-home orders. The length of time these franchisees were closed was dependent on the order in their particular region. As a result, royalties during this time were impacted negatively. As of December 31, 2020, company operating levels have substantially returned to pre-pandemic volumes. Management believes the impact of the pandemic on the operations of the Company to be temporary. Due to significant uncertainty surrounding the situations, management's judgment regarding the impact of the pandemic may change in the future. The extent of any future impact cannot be reasonably estimated at this time.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 30, 2021, which is the date the financial statements were available to be issued.

Note 3 - Property and Equipment

Property and equipment are summarized as follows:

	Amount	Depreciable Life - Years
Equipment	$ 197,356	5
Furniture and fixtures	218,114	7
Leasehold improvements	202,105	7-39
Total cost	617,575	
Accumulated depreciation	398,198	
Net property and equipment	$ 219,377	

Depreciation expense for 2020 was $38,363.

Note 4 - Intangible Assets

Intangible assets of the Company at December 31, 2020 are summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Total
Website and internal-use software	$ 351,079	$ (328,046)	$ 23,033

Amortization expense for intangible assets totaled $23,238 for the year ended December 31, 2020.

Note 5 - Related Party Transactions

The Company is related to other entities through common ownership by Woodhouse Gathering, LLC. The following is a description of transactions between the Company and related parties:

Related Party Receivables

At December 31, 2020, the Company has receivables from related parties totaling $1,068,341. These related party receivables are in relation to royalties and certain post transaction expenses paid for by the Company.

Royalties

For the year ended December 31, 2020, the Company collected royalties and marketing fees from related parties totaling $173,659.

Accounts Payable

At December 31, 2020, the Company had accounts payable to related party totaling $26,086 for expense paid by a related company.

Due from Shareholder

At December 31, 2019, the Company had advanced funds to its shareholder totaling $527,791. At December 31, 2020, the amount due from the shareholder is no longer outstanding.

Note 6 - Operating Leases

The Company is obligated under operating leases primarily for office space, expiring in July 2023. The leases require the Company to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $172,420 for 2020.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2021	$ 153,518
2022	153,319
2023	89,437
Total	$ 396,274

Note 7 - Retirement Plans

The Company sponsors a 401(k) plan for employees that complete a period of services as described in the plan. The plan provides for the Company to make a discretionary matching contribution. There were no contributions in 2020.

Note 8 - Regional Developer Termination Expenses and Settlement Obligations

In 2020, the Company entered into mutual termination agreements with all of the Company's regional developers. Approximately $7.6 million of the associated expense incurred in June 2020 and has been reflected in the statement of operations. The termination of the agreements in June 2020 was facilitated by an equity contribution of approximately $7.6 million. The related deferred income associated with the development agreements has also been reflected in current income due to the termination of these agreements.

In 2017, the Company entered into mutual termination agreements with two of its regional developers. The Company is obligated to make payments to the former regional developers based on royalties received from certain franchisees in the respective region subject to minimum guarantees.

Future annual minimum payments required by these agreements as of December 31, 2020, are as follows:

Years Ending December 31	Amount
2021	$ 105,000
2022	60,000
2023	60,000
2024	60,000
2025	60,000
Thereafter	104,308
Total	449,308
Less amount representing interest	24,883
Present value of required payments	424,425
Less current portion of settlement obligations	115,645
Long-term settlement obligations	$ 308,780

Note 9 - In-substance Government Grants

The Company has elected to account for loan funds received under the Paycheck Protection Program (PPP) as an in-substance government grant. Accounting principles generally accepted in the United States of America do not include guidance on the accounting for government grants by for-profit entities. As a result, the Company has elected to analogize to the guidance in International Accounting Standards (IAS) Statement 20, *Accounting for Government Grants and Disclosure of Government Assistance* (IAS 20). While IAS 20 does not represent authoritative guidance for entities preparing U.S. GAAP financial statements, use of this guidance by analogy is permitted.

Note 9 - In-substance Government Grants (Continued)

Under IAS 20, government grants, including forgivable government loans, are recognized as income when it is probable that the Company will comply with the conditions of the grant and that the grant will be received. The Company recognized proceeds under grant programs in a systematic basis over the period in which the Company recognizes as expenses the related costs for which the grant is intended to compensate. The Company has further elected to record the grant income separately from the related expenses in nonoperating income (expense).

The Woodhouse SPAS Corporation

Financial Statements

Years ended December 31, 2019 and 2018

The Woodhouse SPAS Corporation

Financial Statements

Years ended December 31, 2019 and 2018

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Independent Auditor's Report

To the Stockholders
The Woodhouse SPAS Corporation
Victoria, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of The Woodhouse SPAS Corporation, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in stockholders' deficit and cash flows for the years then ended, and related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Woodhouse SPAS Corporation as of December 31, 2019 and 2018, and the results of its operations, changes in stockholders' deficit and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A+G LLP

A&G, LLP
Dallas, Texas
June 26, 2020

Balance Sheets

As of December 31,	**2019**	2018
Assets		
Current assets:		
Cash and cash equivalents	**$ 689,196**	$ 546,399
Accounts receivable, net	**130,955**	375,121
Accounts receivable - affiliates	**874,474**	667,309
Due from affiliates	**633,579**	-
Due from shareholder	**527,791**	298,621
Other receivable	**16,588**	17,438
Deferred costs	**188,537**	455,565
Inventory	**252,672**	155,933
Prepaid expenses	**54,890**	545
Total current assets	**3,368,682**	2,516,931
Property and equipment, net	**252,942**	258,644
Intangible assets, net	**181,970**	162,841
Deferred costs, net	**639,600**	-
Deposits	**7,100**	7,100
Total assets	**$ 4,450,294**	**$ 2,945,516**

Balance Sheets (continued)

As of December 31,	**2019**	2018
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	**$ 1,111,851**	$ 692,222
Accrued expenses	**255,827**	204,508
Deferred revenues	**1,560,388**	2,543,131
Line of credit	**185,000**	-
Note payable	**82,939**	258,194
Settlement obligations	**112,741**	-
Total current liabilities	**3,308,746**	3,698,055
Long-term liabilities:		
Deferred revenue, net	**934,974**	-
Long-term debt, net	**141,936**	-
Settlement obligations, net	**427,617**	-
Total liabilities	**4,813,273**	3,698,055
Stockholders' deficit:		
Common stock, no par value; 100,000 shares authorized; 14,039 shares issued and outstanding	**-**	-
Additional paid-in capital	**988,911**	988,911
Retained deficit	**(1,351,890)**	(1,741,450)
Total stockholders' deficit	**(362,979)**	(752,539)
Total liabilities and stockholders' deficit	**$ 4,450,294**	**$ 2,945,516**

Statements of Operations

For the years ended December 31,	**2019**	2018
Revenues:		
Franchise fee revenue	**$ 438,989**	$ 722,205
Royalty revenue	**6,023,844**	5,004,585
Equipment sales	**371,268**	437,519
Technology fee revenue	**319,300**	283,406
Advertising fund revenue	**272,018**	-
Other revenues	**123,268**	37,096
Total revenues	**7,548,687**	6,484,811
Operating expenses:		
Costs of royalty revenue	**1,608,303**	1,520,549
Costs of equipment sales	**285,123**	377,300
Advertising and marketing	**101,268**	18,573
Depreciation and amortization	**96,246**	104,742
Advertising fund expense	**272,018**	-
Personnel costs	**2,379,897**	1,717,960
Rent	**165,922**	159,122
Professional fees	**785,165**	322,428
Commission	**99,280**	225,071
Software	**287,493**	204,293
Travel	**95,117**	113,992
Other general and administrative	**196,081**	179,637
Total operating expenses	**6,371,913**	4,943,667
Income from operations	**1,176,774**	1,541,144
Other expense:		
Interest expense	**(49,979)**	(33,498)
Other expense	**(137,540)**	-
Loss on damaged inventory	**-**	(72,799)
Total other expense	**(187,519)**	(106,297)
Net income	**$ 989,255**	**$ 1,434,847**

Statements of Changes in Stockholders' Deficit

	Common Stock		Additional Paid-in	Retained	Total Stockholders'
	Shares	Amount	Capital	Deficit	Deficit
Balance at December 31, 2017	14,039	$ -	988,911	$ (3,176,297)	$ (2,187,386)
Net income	-	-	-	1,434,847	1,434,847
Balance at December 31, 2018	14,039	$ -	$ 988,911	$ (1,741,450)	$ (752,539)
Net income	-	-	-	989,255	989,255
Adoption of accounting standard (Note 2)	-	-	-	(305,240)	(305,240)
Distributions to shareholders	-	-	-	(294,455)	(294,455)
Balance at December 31, 2019	**14,039**	**$ -**	**$ 988,911**	**$ (1,351,890)**	**$ (362,979)**

Statements of Cash Flows

For the years ended December 31,	**2019**	2018
Operating Activities		
Net income	**$ 989,255**	$ 1,434,847
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**96,246**	104,742
Provision for doubtful accounts	**50,966**	-
Changes in operating assets and liabilities:		
Accounts receivable	**225,403**	(202,662)
Accounts receivable - affiliates	**(238,068)**	(265,350)
Due from affiliates	**(633,579)**	-
Due from shareholder	**(229,170)**	(335,816)
Other receivable	**(450)**	(17,595)
Deferred costs	**(77,675)**	177,071
Inventory	**(96,739)**	212,184
Prepaid expenses	**(54,345)**	(545)
Accounts payable	**419,629**	(382,289)
Accrued expenses	**51,319**	71,471
Deferred revenues	**1,866**	(430,706)
Settlement obligations	**(109,414)**	-
Net cash provided by operating activities	**395,244**	365,352
Investing Activities		
Purchases of property and equipment	**(50,649)**	(32,182)
Purchases of intangibles	**(59,024)**	-
Net cash used by investing activities	**(109,673)**	(32,182)
Financing Activities		
Net borrowing from line of credit	**185,000**	-
Payments on capital leases	**-**	(6,707)
Payments on note payable	**(33,319)**	(81,262)
Distributions to stockholders	**(294,455)**	-
Net cash used by financing activities	**(142,774)**	(87,969)
Net increase in cash and cash equivalents	**142,797**	245,201
Cash and cash equivalents, beginning of year	**546,399**	301,198
Cash and cash equivalents, end of year	**$ 689,196**	**$ 546,399**
Supplemental Disclosure of Cash Flow Information		
Interest paid	**$ 49,979**	$ 33,513
Income taxes paid	**$ -**	$ -

1. Organization and Operations

The Woodhouse SPAS Corporation is a corporation operating under the laws of the State of Texas. References in these financial statement footnotes to "Company", "we", "us" and "our" refer to the business of The Woodhouse SPAS Corporation. The Company was formed on March 20, 2003 and began operations in June of 2003.

The Company is in the business of operating under the trademark "The Woodhouse Day Spa" and selling "The Woodhouse Day Spa" franchise licenses for the operation of a day spa business, which provides massage therapy, facials, pedicures, manicures, and body treatments. All franchisee stores operate under the terms and conditions of a franchise agreement.

During the years ended December 31, 2019 and 2018, 5 and 7 franchised outlets were opened and 2 and 1 franchised outlets closed, respectively. As of December 31, 2019 and 2018, there were 61 and 58 franchised outlets in operation, respectively. As of December 31, 2019 and 2018, there were 2 and 4 affiliate owned outlets in operation, respectively.

The Company has 100,000 authorized shares of no-par value common stock. At December 31, 2019 and 2018, the Company had 14,039 shares issued and outstanding.

Management has evaluated our ability to continue as a going concern as of December 31, 2019. Due to the positive cash flows from our operations, we have concluded that there is not significant doubt about our ability to continue as a going concern.

2. Significant Accounting Policies

Basis of Accounting
The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Estimates are used for the following, among others: revenue recognition, allowance for doubtful accounts, valuation of acquired assets, and useful lives for depreciation and amortization. Actual results could differ from those estimates.

Comparative Financial Statements
Certain prior period amounts have been reclassified to conform to current year presentation.

Cash and Cash Equivalents
For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Accounts Receivable, net
The balance in accounts receivable consists of royalties and other fees due from franchisees, less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. All of the trade receivables are pledged as collateral on the note payable to a bank.

2. Significant Accounting Policies (continued)

Inventory
Inventory consists of furniture & fixtures and supplies. Inventory is stated at the lower of cost or market. Cost is determined by the weighted average on the first-in, first-out (FIFO) method. Management believes the inventory is properly valued, and thus no provision for obsolescence is recorded.

Deferred Costs
Deferred costs consist of direct costs relating to franchise fees for which revenue has not been recognized. These direct costs are deferred until the related revenue is recognized.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset.

	Estimated Useful Life
Equipment	5 Years
Furniture and fixtures	7 Years
Leasehold improvements	7 to 39 Years

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Intangible Assets, net
Intangible asset is stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the following estimated useful life of the respective asset:

	Estimated Useful Life
Internal use software	7 Years
Website development	3 to 7 Years

Impairment of Long-Lived Assets
The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the years ended December 31, 2019 and 2018, no impairment charges were recognized related to long-lived assets.

Advertising Fund Payable
The franchise agreements provide for a system-wide advertising assessment of up to two percent of the franchisee's gross sales payable to an advertising fund. The Company collects 0.25% of gross sales from franchisees for the advertising assessment. The Company administers the fund and uses the fund to satisfy the cost of producing, maintaining, administering, directing, conducting and preparing advertising, and marketing.

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments
Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables, and debt instruments. The carrying values of cash and cash equivalents, trade receivables, trade payables and other current assets and liabilities are considered representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Revenue Recognition
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 "Revenue with Contracts from Customers (Topic 606)." as amended by multiple updates to the standard. The update requires the entity to recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU replaced most of the existing revenue recognition requirements in GAAP. The Company adopted the new guidance on January 1, 2019. As a result, the Company changed its accounting policy for revenue recognition as below.

The Company adopted AS 2014-09 using the cumulative effect transition method on January 1, 2019, which was applied to those contracts that were not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 will be presented under ASU 2014-09, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting. The details of the significant changes and quantitative impact of the changes are discussed below.

The Company generates revenues and earns fees from franchised stores. The Company provides the use of trademarks, system, training, opening assistance and store operating assistance in exchange for initial franchise fee and royalties based on a store's revenues. A franchise agreement establishes a store developed in one or multiple defined geographic area and provides for a 10-year initial term with renewal of a 10-year term. Initial franchise fees are recorded as deferred revenue when received and are recognized as revenue over the contractual term of the franchise agreement, when a franchised store is opened. Transfer and renewal fees are recognized as revenue over the contractual term of the franchise agreement. Royalties from franchised stores are based on a percentage of gross revenues of the franchised store and are recognized as earned.

The Company also generates revenue from sales of equipment to its franchisees and related services and recognizes revenue in the period earned. The Company charges shipping and handling costs for equipment resale and accounts for income within other fees revenue. Technology fees are monthly billed to the franchisee at a fixed amount and recognized as revenue when earned.

Below is a breakdown of when revenue is recognized:

Revenue earned over time	$	438,989
Revenue earned at a point in time		7,109,698
	$	7,548,687

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contract Assets
Contract assets consist of deferred cost resulting from commission amounts incurred when the franchise rights are sold to franchisees. The Company classifies the contract assets as deferred cost in the balance sheets. Subsequent to the adoption of Topic 606, contract assets comprised of unamortized commissions, at December 31, 2019 and 2018 was $828,137 and $962,937, respectively.

Contract Liabilities
Subsequent to the adoption of Topic 606, deferred revenue including contract liabilities, comprised of unamortized upfront fees received from franchisees, at December 31, 2019 and 2018 was $2,495,362 and $3,355,743, respectively.

Impacts on Financial Statements
The following tables summarize the impacts of adopting the revenue recognition standard on the Company's financial statements:

	As Reported December 31, 2018	Adjustments Franchise Fee	Adjusted January 1, 2019
Balance Sheet			
Deferred costs	$ 455,565	$ (356,285)	$ 99,280
Deferred costs, net	-	651,182	651,182
Total assets	2,945,516	294,897	3,240,413
Deferred revenue	2,543,131	(2,104,142)	438,989
Settlement obligations	-	109,414	109,414
Deferred revenue, net	-	2,054,507	2,054,507
Settlement obligations, net	-	540,358	540,358
Retained deficit	(1,741,450)	(305,240)	(2,046,690)
Total stockholders' deficit	(752,539)	(305,240)	(1,057,779)
Total liabilities and stockholders' deficit	2,945,516	294,897	3,240,413

	As Reported	Adjustments Franchise Fee	Balances Without Adoption
Balance Sheet			
December 31, 2019			
Deferred costs	$ 188,537	$ 347,508	$ 536,045
Deferred costs, net	639,600	(639,600)	-
Total assets	4,450,294	(292,092)	4,158,202
Deferred revenue	1,560,388	334,837	1,895,225
Deferred revenue, net	934,974	(934,974)	-
Retained deficit	(1,351,890)	308,045	(1,043,845)
Total stockholders' deficit	(362,979)	308,045	(54,934)
Total liabilities and stockholders' deficit	4,450,294	(292,092)	4,158,202

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Impacts on Financial Statements (continued)

	As Reported	Adjustments Franchise Fee	Balances Without Adoption
Statement of Operations			
For the year ended December 31, 2019			
Franchise fee revenue	$ 438,989	$ 99,378	$ 538,367
Total revenues	7,548,687	99,378	7,648,065
Commission	99,280	(6,760)	92,520
Total operating expenses	6,371,913	(6,760)	6,365,153
Net income	989,255	106,138	1,095,393
Statement of Cash Flows			
For the year ended December 31, 2019			
Cash flows from operating activities:			
Net income	$ 989,255	$ 106,138	$ 1,095,393
Changes in operating assets and liabilities:			
Deferred costs	(77,675)	(6,760)	(84,435)
Deferred revenue	1,866	(99,378)	(97,512)

Advertising Costs
All costs associated with advertising and marketing are expensed in the period incurred.

Personnel costs
Payroll and related costs include all salaries and wages, paid to employees. Payroll and related costs also include charges for employee benefits, various payroll taxes and other payroll related fees.

Income Tax Status – S Corporation
The Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, effective June 1, 2003. Under those provisions, the Company does not pay Federal corporate income taxes on its taxable income. Instead, the stockholders are taxed on their proportionate share of the Company's taxable income. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

Recent Accounting Pronouncements
In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" as amended by multiple updates to the standard. This update requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet and requires lessors to classify leases as a sales-type, direct financing or operating lease. The update also expands the required quantitative and qualitative disclosures surrounding leases. In June 2020, the FASB issued ASU 2020-05, "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities." ASU 2020-05 defers the effective date of ASC 842 for private companies and private not-for-profit entities for one year. The updated guidance is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2016-02 on its financial statements.

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)
In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement." This update removes certain disclosure requirements regarding the amounts and reasons for transfers between level one and level two of the fair value hierarchy and the policy for timing of transfers between the levels. The update also adds disclosure requirements regarding unrealized gains and losses included in other comprehensive income for recurring level three fair value measurements and regarding the range and weighted average of unobservable inputs used in level three fair value measurements. This update is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the effect of adopting ASU 2018-13 on its financial statements and related disclosures.

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract," which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This update is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits up to $250,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits in two financial institutions.

4. Accounts Receivable, net

Accounts receivable consist of the following at December 31:

	2019	2018
Accounts receivable	**$ 130,955**	$ 375,121
Less: allowance for doubtful accounts	**-**	-
Accounts receivable, net	**$ 130,955**	$ 375,121

For the years ended December 31, 2019 and 2018, bad debt expense related to accounts receivable was $18,763 and $0, respectively.

The allowance for doubtful accounts activity was as follows:

	2019	2018
Balance at beginning of year	**$ -**	$ -
Provision for doubtful accounts	**18,763**	-
Write-offs, net of recoveries	**(18,763)**	-
Balance at end of year	**$ -**	$ -

5. Property and Equipment

The major classes of property and equipment, at cost, consist of the following at December 31:

	2019	2018
Equipment	**$ 198,962**	$ 181,042
Furniture and fixtures	**208,394**	175,665
Leasehold improvements	**202,105**	202,105
Less: accumulated depreciation	**(356,519)**	(300,168)
Property and equipment, net	**$ 252,942**	$ 258,644

For the years ended December 31, 2019 and 2018, depreciation expense was $56,351 and $52,187, respectively.

6. Intangible Assets

The principal asset classifications of intangible assets, at cost, are as follows at December 31, 2019:

	Cost	Acc. Amort.	Net
Internal use software	$ 230,548	$ (53,995)	$ 176,553
Website	262,880	(257,463)	5,417
Balance, end of year	$ 493,428	$ (311,458)	$ 181,970

The principal asset classifications of intangible assets, at cost, are as follows at December 31, 2018:

	Cost	Acc. Amort.	Net
Internal use software	$ 171,524	$ (42,824)	$ 128,700
Website	262,880	(228,739)	34,141
Balance, end of year	$ 434,404	$ (271,563)	$ 162,841

For the years ended December 31, 2019 and 2018, amortization expense was $39,895, $52,555, respectively.

Future aggregate amortization expense is as follows:

Year ending December 31, 2020	$ 63,249
Year ending December 31, 2021	34,503
Year ending December 31, 2022	25,193
Year ending December 31, 2023	59,025
Total	$ 181,970

7. Advertising Fund Payable

The advertising fund payable activity was as follows for the year ended December 31:

	2018
Balance at beginning of year	$ -
Advertising fund receipts	229,554
Advertising fund disbursements	(229,554)
Balance at end of year	$ -

8. Note Payable

For the years ended December 31, 2019 and 2018, the note payable consists of the following:

	2019	2018
Note payable – secured by accounts receivable, inventory, certificate of deposit, furniture and fixtures and the guaranty of the Company's primary stockholder and its affiliates, in a monthly installment of $7,926 including interest at 6.50% due at maturity, July 2022	**$ 224,875**	$ 258,194
Less: current portion of note payable	**(82,939)**	(258,194)
Note payable, net	**$ 141,936**	$ -

Future maturity of the note payable obligation for the years following December 31, 2019 is as follows:

Year ending December 31, 2020	$ 82,939
Year ending December 31, 2021	88,493
Year ending December 31, 2022	53,443
Total	$ 224,875

9. Settlement Obligations

The Company entered into mutual termination agreements with two of its regional developers. The Company is obligated to make payments to the former regional developers based on royalties received from certain franchisees in the respective region subject to minimum guarantees.

Future annual minimum payments required by these agreements as of December 31, 2019, are as follows:

Year ending December 31, 2020	$ 127,500
Year ending December 31, 2021	105,000
Year ending December 31, 2022	60,000
Year ending December 31, 2023	60,000
Year ending December 31, 2024	60,000
Thereafter	167,500
Total	580,000
Less: amount representing interest	(39,642)
Present value of required payments	540,358
Less: current portion of settlement obligations	(112,741)
Settlement obligations, net	$ 427,617

10. Commitments and Contingencies

Lease

In August 2004, the Company entered into an operating lease for office facilities in Victoria, Texas that expires in July 2023. During the years ended December 31, 2019 and 2018, the Company recognized rent expense of $165,922 and $159,122, respectively.

Future minimum payments related to the operating leases are as follows:

Year ending December 31, 2020	$	155,701
Year ending December 31, 2021		153,518
Year ending December 31, 2022		153,319
Year ending December 31, 2023		89,437
Total	$	551,975

Litigation

The Woodhouse Spas Corporation v. Cheryl Calina Burns et al; Lead Adversarial Proceeding 3:19-ap-90036 in Connection with Lead Bankruptcy Proceeding 3:19-bk- 1059; in the U.S. Bankruptcy Court for the Middle District of Tennessee, Nashville Division. On February 11, 2019, The Woodhouse Spas Corporation, ("Franchisor") gave notice of the termination of two franchise agreements. The stated reasons for such termination were the failure to operate one Spa in compliance with Franchisor's standards for sanitation and repair, failure to cure such defaults, and the effect of a cross-default on the other franchise agreement.

One franchise agreement was between Franchisor and Calina, LLC, under which the franchisee operated a Woodhouse Day Spa located in Franklin, Tennessee. The other franchise agreement was between Franchisor and Women of Wellness Enterprises, LLC, under which the franchisee operated a Woodhouse Day Spa located in Chattanooga, Tennessee. On February 16, 2019, Calina, LLC and Women of Wellness Enterprises, LLC each filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code, and on February 22, 2019, Cheryl Calina Burns filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. On February 25, 2019, Cheryl Calina Burns, Calina, LLC, and Women of Wellness Enterprises, LLC (collectively, "Franchisee") filed a Complaint against Franchisor claiming, among other things, improper termination of the franchise agreements and breach of contract, in which Franchisee sought a declaratory judgment regarding its claims. Franchisee continued to operate each Spa under "The Woodhouse Day Spa" name and trademarks and continued to use Franchisor's proprietary and confidential information. On February 25, 2019, Franchisor filed a complaint against Franchisee seeking a declaratory judgment as to Franchisor's proper termination of the franchise agreements and seeking temporary and permanent injunctions to prevent Franchisee from unlawfully operating the Spas, unlawfully using Franchisor's trademarks, misappropriating Franchisor's confidential information and trade secrets, and violating the non-competition provisions of the franchise agreements. Franchisor's and Franchisee's competing requests for declaratory judgments and injunctive relief were heard on February 26, 2019, and the bankruptcy court granted Franchisee's request for a temporary injunction maintaining the status quo until trial on the merits. Trial was set for September 17, 2019. On December 5, 2019, the Company entered into a settlement agreement and all claims from the lawsuit were dismissed.

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

11. Employee Benefit Plan

The Company established a 401(k) Retirement Plan effective January 2014. The employees must have completed a period of service to participate in the plan. Participants can elect to contribute a percentage of their compensation to the plan. The Company will contribute additional matching contributions up to a certain percentage at the discretion of the Company's Board of Directors. The Company's matching contribution to the plan for years ended December 31, 2019 and 2018 was $0.

12. Income Taxes

The Company is taxed as an S-Corporation under the provisions of Subchapter S of the Internal Revenue Code. Consequently, federal income taxes are not provided for or payable by the Company.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and the state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019 and 2018.

13. Related Party Transactions

Due from shareholder

During the years ended December 31, 2019 and 2018, the Company advanced funds to its shareholder in the amount of $229,170 and $298,621, respectively. As of December 31, 2019 and 2018, the Company had a balance due from its shareholder of $527,791 and $298,621, respectively.

Due from affiliates

As of December 31, 2019, the Company had advanced funds to Do What You Love I LLC and Do What You Love II LLC, the Company's affiliates, in the amount of $580,000 and $53,579, respectively. As of December 31, 2019, the Company had the balance due from its affiliates of $633,579.

Transactions with Affiliates

During the years ended December 31, 2019 and 2018, the majority shareholder of the Company owned and operated two and four franchised outlets, respectively. During the years ended December 31, 2019 and 2018, the Company recognized royalty revenue from these outlets in the amount of $99,863 and $234,958, respectively.

Amounts of accounts receivable – affiliates consisted of the following at December 31:

	2019	2018
Do What You Love I LLC	**$ 460,870**	$ 349,128
Do What You Love II LLC	**413,604**	300,768
Do What You Love III LLC	**-**	10,451
Do What You Love IV LLC	**-**	6,962
Accounts receivable - affiliates	**$ 874,474**	$ 667,309

13. Related Party Transactions (continued)

For the years ended December 31, 2019 and 2018, bad debt expense related to accounts receivable – affiliates was $30,903 and $0, respectively.

The allowance for doubtful accounts activity was as follows:

	2019	2018
Balance at beginning of year	**$ -**	$ -
Provision for doubtful accounts	**30,903**	-
Write-offs, net of recoveries	**(30,903)**	-
Balance at end of year	**$ -**	$ -

14. Subsequent Events

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As of the date of this report the related financial impact and duration cannot be reasonably estimated at this time.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which significantly revised U.S. tax law and is expected to provide additional benefits to the Company.

On April 9, 2020, the Company entered into a loan (Loan) agreement with a bank under the Paycheck Protection Program (PPP) pursuant to the CARES Act in the amount of $388,447, with a term of two years, is unsecured, and is guaranteed by the Small Business Administration (SBA). The loan bears interest at a fixed rate of one percent per annum, with the first six months of interest and principal deferred.

On June 5, 2020, the PPP was amended by the Paycheck Protection Program Flexibility Act of 2020 (PPPFA). Some or all of the Loan may be forgiven if at least 60 percent of the loan proceeds are used by the Company to cover payroll costs, and if the Company maintains its employment and compensation within certain parameters during the twenty-four week period following the loan origination date and complies with other relevant conditions.

The Company has evaluated subsequent events through June 26, 2020, the date the financial statements were available to be issued.

UNAUDITED FINANCIALS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.

PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Balance Sheet

Woodhouse Spas LLC

As of 03/31/21 (unaudited)

ASSETS	
Current Assets	
Cash	411,676
Accounts Receivable Trade	54,203
Related Party Receivable	2,837,738
Notes Receivable	21,907
Prepaid Expenses and Other Current Assets	443,421
Total Current Assets	3,768,945
Property and Equipment	221,206
Intangible Assets	135,341
Other Assets	
Deposits	7,100
Deferred Costs	448,651
Total Other Assets	**455,751**
TOTAL ASSETS	**4,581,243**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	120,894
Accrued and Other Current Liabilities	531,926
Total Current Liabilities	652,820
Other Long Term Liabilities	
Deferred Revenue	1,150,944
Deferred Rent	46,151
Total Liabilities	1,849,915
Members' Equity	2,731,328
TOTAL LIABILITIES AND MEMBERS' EQUITY	**4,581,243**

Cash Flow

Woodhouse Spas LLC

01/01/21 - 03/31/21 (unaudited)

OPERATING ACTIVITIES	
Net income	739,946
Adjustments to reconcile Net Income	
A/R	4,821
Notes Receivable	8,137
Change in Related Party Receivable	(19,397)
Amortization and Depreciation	(1,829)
Prepaid Insurance and Rents	40,330
Accounts Payable	(1,450)
Accrued Liabilities	(93,682)
Net cash provided by Operating Activities	676,876
INVESTING ACTIVITIES	
Transfer to Parent Company	(1,750,000)
New Website Costs	(112,308)
Net cash provided by Investing Activities	(1,862,308)
FINANCING ACTIVITIES	
Net cash provided by Financing Activities	0
Net cash increase for period	(1,185,432)
Cash at beginning of period	1,597,108
Cash at end of period	411,676
	411,676

Profit & Loss

Woodhouse Spas LLC

01/01/21 - 03/31/21 (unaudited)

INCOME		**1,748,300**
EXPENSE		**849,118**
Utilities, Phone, Trash		902
Insurance		4,258
Lease Expense		37,438
Labor Expense		392,022
General & Admin		309,799
Franchise Sales Expense		104,699
SUBTOTAL EXPENSE		**849,118**
NOI		**899,182**
NON OPERATING EXPENSE		
Depreciation and Amortization		15,867
Interest Expense		3,919
Non Recurring One Time		139,450
SUBTOTAL NON OPERATING EXPENSE		**159,236**
NET INCOME		**739,946**

EXHIBIT B

DEVELOPMENT AGREEMENT
(INCLUDING STATE-SPECIFIC AMENDMENTS)

THE WOODHOUSE SPAS, LLC

DEVELOPMENT AGREEMENT

THE WOODHOUSE SPAS, LLC
DEVELOPMENT AGREEMENT

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ADDENDA

STATE-SPECIFIC AMENDMENTS TO DEVELOPMENT AGREEMENT

WOODHOUSE DAY SPA
DEVELOPMENT AGREEMENT

This Development Agreement (the "Agreement") is made and entered into this ____ day of _____, 20____, between The Woodhouse SPAS, LLC, a Texas limited liability company("Franchisor") and _____ ("Developer") and shall be effective as of the date on which Franchisor executes this Agreement ("Effective Date"). Certain initially capitalized terms used frequently in this Agreement are defined in Section ~~XIV~~XIII.

Recitals:

Franchisor has the right to use and license the use of a system (the "System") for the establishment and operation of day spa businesses under the Marks (defined below) ("Woodhouse Day Spa" or "Spa").

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which may be changed, deleted, improved and further developed by Franchisor from time to time.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Woodhouse Day Spa" and such other trade names, service marks, trademarks, logos, emblems and indicia of origin as are now designated, and may hereafter be designated by Franchisor in writing, for use in connection with the System (the "Marks").

Franchisor licenses franchisees to use the Marks and the System to establish and operate Woodhouse Day Spas under Franchise Agreements with Franchisor.

~~Franchisor may appoint one or more individuals or entities who meet Franchisor's standards and qualifications as area representatives (each, an "Area Representative") to operate within defined geographic territories in the United States and delegate to such Area Representative(s) certain of Franchisor's obligations to provide services to its franchisees and developers.~~

Developer wishes to obtain certain development rights to obtain and operate Woodhouse Day Spas under Franchise Agreements with Franchisor in the Territory described in this Development Agreement.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

I. GRANT

A. Grant of Rights. Franchisor hereby grants to Developer and Developer hereby accepts, the right and obligation to develop two (2) Spas within the Territory, in accordance with the terms and conditions set forth in this Agreement. The development rights shall be exercised following satisfaction of the conditions set forth in Section III.A. hereof and as provided in the Development Schedule.

B. Scope of Developer's Rights. Developer acknowledges and agrees that the rights granted hereunder pertain only to the development of Spas and that this Agreement does not confer upon Developer a right or franchise to establish or operate any Spa. This Agreement is intended by the parties to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain Franchise Agreements for the establishment and operation of two (2) Spas within the Territory. This Agreement is not a franchise agreement and does not grant to Developer any right or license to operate a Spa or distribute goods or services, or any right to use or interest in the Marks. Developer further acknowledges and agrees that the rights and duties set forth in this Agreement are personal to Developer and that Franchisor has granted such rights in reliance on the representations and warranties of Developer and its Principals.

Developer and its Principals have represented to Franchisor that they have entered this Agreement for the purpose and with the intention to fully comply with the Spa development obligations hereunder.

C. Retained Rights. Subject to Developer's full compliance with this Agreement and the full compliance by Developer and its Affiliates with any other agreement between Developer or any of its Affiliates and Franchisor or any of its Affiliates, neither Franchisor nor any Affiliate shall establish, or authorize any person or entity other than Developer or any of its Affiliates to establish, a Woodhouse Day Spa in the Territory during the term of this Agreement. Developer expressly agrees that Franchisor and its Affiliates retain all other rights, including, without limitation, the right (i) to develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to Developer, (ii) to advertise and promote the System in the Territory, (iii) to operate, and license others to operate, Woodhouse Day Spas under the Marks and the System at any location outside the Territory, including at locations that are adjacent to the Territory and notwithstanding the proximity of such Woodhouse Day Spas to the Territory or their actual or threatened impact on sales at the Spa, and (iv) except for the restriction set forth in this Section I.C. against the establishment of another Woodhouse Day Spa in the Territory during the term hereof, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all services and products, under the Marks, or under other names or marks, within and outside the Territory, through any method of distribution, including, but not limited to, mail order catalogs or the Internet, regardless of the proximity to, or the competitive impact on, Developer's operations in the Territory.

II. FEES

A. Development Fee. Upon the execution of this Agreement, Developer shall pay to Franchisor a development fee of ~~_____ Dollars ($_____). The development fee shall equal the total of Forty Eight~~Thirty-Five Thousand Dollars ($~~48,000) for the first Spa to be developed hereunder plus fifty percent (50%) of the initial franchise fee charged by Franchisor for the second and subsequent Spas to be developed hereunder, determined as of the date this Agreement is executed, in accordance with Section II.B. below. The development fee~~35,000) ("Development Fee"). The Development Fee shall be deemed fully earned and nonrefundable upon execution of this Agreement for administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer herein. The Development Fee is in addition to any initial franchise fee due from or paid by Developer or Developer's Affiliate pursuant to the first Franchise Agreement entered into pursuant to this Agreement.

B. Initial Franchise Fee. The Franchise Agreement for the first Spa to be developed by Developer or Developer's Affiliate pursuant to this Agreement shall be signed concurrently with this Agreement. Upon the execution of ~~each~~the first Franchise Agreement entered into pursuant to this ~~Development~~ Agreement, Developer shall pay to Franchisor an initial franchise fee of ~~Forty Eight~~Fifty-Five Thousand Dollars ($~~48,000) for each Spa to be opened under this Agreement. The pro rata portion of the development fee allocable to each Spa shall be credited against the~~55,000). No initial franchise ~~fee~~fees will be due ~~for that Spa.~~ upon the execution of the second Franchise Agreement entered into pursuant to this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable.

C. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by Franchisor on or before the due date shall be deemed overdue. Time is of the essence for all payments to be made by Developer to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of eighteen (18%) percent per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce

any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment.

(2) Acceptance by Franchisor of any payments due subsequent to the due date shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer or the Principals of any terms, provisions, covenants or conditions of this Agreement.

(3) Franchisor shall have the right to apply any payment it receives from Developer to any amounts Developer owes Franchisor or its Affiliates under this Agreement or any other agreement between them, even if Developer has designated the payment for another purpose or account. Franchisor may accept any check or payment in any amount from Developer without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) Developer shall have no right to withhold any payments due Franchisor on account of Franchisor's breach or alleged breach of this Agreement, and no right to offset any amount due Franchisor against any obligation that Franchisor may owe to Developer.

III. SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

A. Franchise Agreement Execution; Compliance with Conditions.

1. Developer shall exercise the development rights granted hereunder only by entering into (or, with Franchisor's written consent, causing a majority-owned subsidiary of Developer to enter into) a separate Franchise Agreement with Franchisor for each Spa for which a development right is granted. The Franchise Agreement for the first Spa to be developed by Developer or Developer's Affiliate under this Agreement shall be in the form of the Franchise Agreement attached as Attachment C and shall be executed ~~within 90 days of~~concurrently with this Agreement. ~~All subsequent Spas~~The second Spa developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for new franchisees of Spas under the System, except that the initial franchise fee shall be determined as provided in Section II.B. above, and the royalty and advertising expenditure percentages will be the same as those set forth in the Franchise Agreement attached as Attachment C to this Agreement. ~~These~~The second franchise ~~agreements~~agreement shall also be included in the term "Franchise Agreement" as used in this Agreement and shall be executed by Developer or Developer's Affiliate in accordance with this Section III.

2. Prior to exercising any development right granted hereunder, Developer shall apply to Franchisor for a franchise to operate a Spa within the Territory. If Franchisor, in its sole discretion, determines that Developer has met each of the following operational, financial, and legal conditions, then Franchisor will grant Developer a franchise for a Spa in the Territory:

(a) Operational Conditions: Developer is in compliance with the Development Schedule and this Agreement and Developer or its Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates. Developer is conducting the operation of its existing Spas, if any, and is capable of conducting the operation of the proposed Spa in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

(b) Financial Conditions: Developer and the Principals satisfy Franchisor's then-current financial criteria for developers and principals of Woodhouse Day Spas. Developer and the Principals have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. Developer is not in default, and has not been in default during the twelve (12) months preceding Developer's request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or other agreement between Developer or its

Affiliates and Franchisor or its Affiliates. Developer acknowledges and agrees that it is vital to Franchisor's interest that each of its franchisees be financially sound to avoid failure of a Spa and that such failure would adversely affect the reputation and good name of Franchisor and the System.

(c) Legal Conditions: Developer has submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to Franchisor by this Agreement or by any Franchise Agreement.

B. Development Schedule. Acknowledging that time is of the essence, Developer agrees to exercise its development rights according to Section III.A. and the Development Schedule. Developer may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Spas which Developer is required to develop during any Development Period; that is, Developer may open both Spas to be developed under this Agreement during the first Development Period. Any Spas in excess of the minimum number of Spas required to be developed shall be applied to satisfy Developer's development obligation during the next succeeding Development Period, if any. Notwithstanding the above, Developer shall not open or operate more than the cumulative total number of Spas Developer is obligated to develop under the Development Schedule.

1. If during the term of this Agreement, Developer ceases to operate any Spa developed under this Agreement for any reason, Developer shall develop a replacement Spa. The replacement Spa shall be developed within a reasonable time (not to exceed two hundred ten (210) days) after Developer ceases to operate the original Spa. If, during the term of this Agreement, Developer transfers its interest in a Spa in accordance with the terms of the applicable Franchise Agreement for the Spa, the transferred Spa shall continue to be counted in determining whether Developer has complied with the Development Schedule so long as it continues to be operated as a Woodhouse Day Spa. If the transferred Spa ceases to be operated as a Woodhouse Day Spa during the term of this Agreement, Developer shall develop a replacement Spa within a reasonable time (not to exceed two hundred ten (210) days) thereafter.

2. Failure by Developer to adhere to the Development Schedule (including any extensions thereof approved by Franchisor in writing) or to any time period for the development of replacement Spas shall constitute a material breach of this Agreement.

C. Projected Opening Dates. Developer acknowledges that the Projected Opening Date for each Spa to be developed hereunder are reasonable. Subject to Developer's compliance with Section III.A. hereof, Developer shall execute a Franchise Agreement for each Spa at or prior to the applicable execution date set forth in the Development Schedule, which shall be a date no later than two hundred ten (210) days prior to the Projected Opening Date for the applicable Spa.

IV. TERM

The term of this Agreement will begin on the Effective Date and, unless sooner terminated, will expire on the earlier of: (i) the date Developer has completed its development obligations under this Agreement, or (ii) 12:00 midnight on the last day specified in the Development Schedule (that is, the last day of the last Development Period).

~~**V. DUTIES OF FRANCHISOR**~~

~~Franchisor agrees to provide the services described below:~~

~~A. Site Selection Guidelines and Assistance. To assist Developer in its selection of sites for its Woodhouse Day Spas, Franchisor will provide to Developer:~~

~~1. Franchisor's written site selection guidelines and such site selection assistance as Franchisor deems advisable.~~

2. Such on-site evaluation as Franchisor may deem necessary on its own initiative or in response to Developer's reasonable request for site selection assistance; provided, that Franchisor shall not provide an on-site evaluation for any proposed site prior to receiving all required information and materials prepared and submitted pursuant to Section VI.G., below and, in Franchisor's discretion, prior to receiving such information for multiple proposed sites. Franchisor will provide up to two (2) on-site evaluations for the first (1st) Woodhouse Day Spa developed pursuant to this Agreement at no additional charge to Developer, except that Franchisor may require Developer to pay or reimburse Franchisor for the reasonable expenses incurred by Franchisor in conducting such on-site evaluation(s), including, without limitation, the cost of travel, lodging, meals and wages. If more than two (2) on-site evaluations are deemed appropriate by Franchisor, or are requested by Developer, for selecting a site for the first (1st) Woodhouse Day Spa to be developed under this Agreement, then Franchisor may require Developer to pay Franchisor a reasonable fee for performing each such additional site evaluation and to pay or reimburse Franchisor for the amount of the reasonable expenses incurred by Franchisor in conducting such on-site evaluation. Franchisor may require Developer to pay Franchisor a reasonable fee for any on-site evaluation and to pay or reimburse Franchisor's reasonable expenses incurred in conducting any on-site evaluation with respect to Developer's second (2nd) and subsequent Woodhouse Day Spas.

3. On loan, a set of prototypical architectural and design plans and specifications for a Woodhouse Day Spa.

B. Training. Training of Developer's Operating Principal and any General Manager in accordance with Section VI.F. of this Agreement. With Franchisor's prior written consent and subject to its then-current certification procedures, Franchisor may authorize Developer to implement a training program for the employees of the Spas developed pursuant to this Agreement in accordance with Franchisor's then-current standards.

C. Manuals. Franchisor will provide Developer with access to one (1) set of Manuals for each Spa to be developed hereunder.

V. ~~VI.~~ DEVELOPER'S OBLIGATIONS

A. Continuing Obligations. Developer and its Principals make the following representations, warranties and covenants and accept the following obligations. Such representations, warranties and covenants are continuing obligations, and Developer and its Principals acknowledge and agree that any failure to comply with them shall constitute a material event of default under this Agreement. Developer will cooperate with Franchisor to verify compliance with the following representations, warranties and covenants.

B. Organization. If Developer is a corporation, partnership, limited liability company or other legal entity:

(1) Developer is duly organized and validly existing under the law of the state of its formation;

(2) Developer is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(3) Developer's corporate charter or written partnership or limited liability company agreement shall at all times provide that the activities of Developer are confined exclusively to the development and operation of Woodhouse Day Spas;

(4) The execution of this Agreement and the performance of the transactions contemplated hereby are within Developer's corporate power, if Developer is a corporation, or if Developer is a partnership or a limited liability company, are permitted under Developer's written partnership or limited liability company agreement and have been duly authorized by Developer; and

(5) If Developer is a corporation, copies of Developer's articles of incorporation, bylaws, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by Franchisor shall have been furnished to Franchisor prior to the execution of this Agreement; or, if Developer is a partnership or limited liability company, copies of Developer's written partnership or limited liability company agreement, other governing documents and any amendments thereto shall have been furnished to Franchisor prior to the execution of this Agreement, including evidence of consent or approval of the execution and performance of this Agreement by the requisite number or percentage of partners or members, as applicable, if such approval or consent is required by Developer's written partnership or limited liability company agreement.

C. Ownership.

(1) If Developer is a corporation, partnership, limited liability company or other legal entity, the ownership interests in Developer are accurately and completely described in Attachment D. If Developer is a corporation, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer or, if Developer is a partnership, limited liability company or other form of legal entity, Developer shall maintain at all times a current list of all owners of an interest in the partnership, limited liability company or other entity. Developer shall make its list of owners available to Franchisor upon request.

(2) If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement. If Developer is a partnership or limited liability company, its written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) If required by Franchisor, Developer's Principals who do not sign the Principals' Guaranty and Assumption Agreement attached as Attachment A shall each execute the Confidentiality Agreement and Ancillary Covenants Not to Compete with Principal's Undertaking in the form of Attachment B to this Agreement.

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Developer's Principals or if any individual succeeds to or otherwise comes to occupy a position which, upon designation by Franchisor, would qualify him as one of Developer's Principals, Developer shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Developer's Principals or as a Principal such person shall execute all documents and instruments (including, as applicable, the Principals' Guaranty and Assumption Agreement) as Franchisor may require others in such positions to execute.

D. Financial Matters.

(1) Developer and, at Franchisor's request, each of the Principals have provided Franchisor with the most recent financial statements of Developer and such Principals. Such financial statements present fairly the financial position of Developer and each of the Principals, as applicable, at the dates indicated therein and, with respect to Developer, the results of its operations and its cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) The Principals that Franchisor designates shall jointly and severally guarantee the performance of Developer's obligations under this Agreement pursuant to the terms and conditions of the Principals' Guaranty and Assumption Agreement at Attachment A hereto, and shall otherwise bind themselves to the terms of this Agreement as stated herein.

(3) Developer shall provide Franchisor with any and all loan or other documents regarding the financing of the business contemplated hereby that Franchisor may request.

(4) Developer shall maintain at all times during the term of this Agreement sufficient working capital to fulfill its obligations under this Agreement.

E. Operating Principal; General Manager. Upon the execution of this Agreement, Developer shall designate, and shall retain at all times during the term of this Agreement, an individual to serve as Developer's Operating Principal. If Developer is an individual, Developer shall perform all obligations of the Operating Principal. The Operating Principal under this Agreement and under each Franchise Agreement executed pursuant hereto shall be the same individual. The Operating Principal shall, during the entire period he serves as such, meet the following qualifications and such other standards as may be set forth by Franchisor in the Manuals or otherwise in writing:

(1) The Operating Principal shall maintain a direct or indirect ownership interest of not less than ~~seventy~~twenty-five percent (~~75~~25%) in Developer. Except as may otherwise be provided in this Agreement, the Operating Principal's interest in Developer shall be and remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options. The Operating Principal shall execute the Principals' Guaranty and Assumption Agreement attached hereto as Attachment A, and shall be individually, jointly and severally, bound by all obligations of Developer, the Operating Principal and a Principal hereunder.

(2) Notwithstanding Section ~~VI~~V.E.(1), Developer may, at its option and subject to Franchisor's written consent, designate a General Manager to supervise the operation of the business contemplated by this Agreement; provided, that the General Manager under this Agreement and under each Franchise Agreement executed pursuant hereto is the same individual; and provided further, that Developer and its Operating Principal shall remain fully responsible for General Manager's performance. The General Manager shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete attached as Attachment B to this Agreement.

(3) Unless a General Manager is designated pursuant to Section ~~VI~~V.E.(2), Developer's Operating Principal shall devote full time and best efforts to the supervision of the business contemplated by this Agreement, and, without Franchisor's written consent, shall not engage in any other business. The foregoing provision shall not apply if a General Manager is designated, provided, the General Manager shall devote his or her full time and best efforts to the supervision and operation of the business contemplated by this Agreement.

(4) The Operating Principal and any General Manager shall meet Franchisor's qualifications, as set forth in this Agreement, the Manuals, or otherwise in writing and, without limitation, shall be empowered with full authority to act for and on behalf of Developer.

Developer must promptly notify Franchisor if the Operating Principal cannot continue to serve in that capacity or no longer qualifies as such, and must take corrective action within thirty (30) days thereafter. During such thirty (30) day period, Developer must provide for interim management of its operations in accordance with this Agreement. Any failure to comply with this Section ~~VI~~V.E. will be a material breach of this Agreement.

~~F. Training. Developer's Operating Principal and any General Manager shall successfully complete Franchisor's management training program within a reasonable period of time after the execution of this Agreement. Any successor or replacement Operating Principal or General Manager shall~~

successfully complete Franchisor's management training program within a reasonable time after such persons are designated. Such persons, and any other personnel of Developer whom Franchisor may designate, shall attend and complete any additional training and other informational and franchisee meetings or conferences. Training shall be conducted at locations designated by Franchisor.

(1) Initial management training for Developer's Operating Principal and General Manager is provided at no additional charge; however, Franchisor reserves the right to charge a reasonable fee for training successor or replacement personnel and for any additional training programs. Developer shall be responsible for any and all expenses incurred in connection with any initial or additional training, including, without limitation, the costs of travel, lodging, meals and wages incurred by Developer, its Operating Principal or General Manager.

(2) If Developer's Operating Principal or General Manager fails, in Franchisor's sole judgment, to satisfactorily complete Franchisor's management training program, and Developer fails to cure such default within ninety (90) days following written notice from Franchisor, Franchisor may terminate this Agreement.

G. Site Selection. Developer assumes all cost, liability, expense and responsibility for selecting, obtaining and developing a site within the Territory for each Spa to be developed pursuant to this Agreement (including any costs and expenses associated with engaging Franchisor's designated real estate broker).

(1) Before acquiring a site for a Spa, Developer shall submit to Franchisor, in the form specified by Franchisor, a description of the site, evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to Franchisor which confirms Developer's favorable prospects for obtaining the site. Recognizing that time is of the essence, Developer agrees that it will submit such site information to Franchisor no later than sixty (60) days after the execution of the Franchise Agreement.

(2) Franchisor shall have thirty (30) days after receiving Developer's site information to accept or not accept, in its sole discretion, the proposed site as the location for the Spa. No site may be used for a Spa unless it is first accepted in writing by Franchisor, and Developer shall not make any binding commitment with respect to a site for a Spa unless the site is first accepted in writing by Franchisor. If Franchisor accepts multiple sites for a Spa, Developer shall notify Franchisor in writing within ten (10) days of the date of such acceptance of the site that Developer intends to acquire for the Spa. After Franchisor accepts the site, Developer must submit a copy of the proposed contract of sale or lease, as applicable. No lease shall be approved by Franchisor unless an addendum to the lease, containing covenants, in substantially the form of those in Attachment G hereto, is attached to the lease and incorporated therein. Developer acknowledges that Franchisor's approval of a lease does not mean that the economic terms of the lease are favorable to Developer; it means only that the lease contains the lease terms that Franchisor requires. Developer also acknowledges that Franchisor's acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Spa operated at that site will be profitable or otherwise successful.

(3) Promptly following Franchisor's acceptance of the site for each Spa, but in no event no later than ninety (90) days after the execution of the Franchise Agreement, Developer shall acquire the site by purchase or lease, at Developer's expense.

(4) Developer shall furnish to Franchisor a copy of the executed lease or contract of sale within ten (10) days after execution.

(5) After a site for a Spa is accepted by Franchisor and acquired by Developer, the address of the site shall be entered on Attachment C to the Franchise Agreement as the Location of the Spa.

~~H. Internet Website. Developer shall not establish any website or other listing on the Internet except as provided herein.~~

~~(1) Franchisor has established, or may establish, an Internet Website that provides information about the System and the products and services offered by Woodhouse Day Spas. Franchisor has sole discretion and control over the Website (including timing, design, contents and continuation). Franchisor may use part of the Advertising Fund monies it collects under the Franchise Agreement to pay or reimburse the costs associated with the development, maintenance and update of the Website.~~

~~(2) Franchisor may (but is not required to) include at the Website an interior page containing information about the Spas developed under this Agreement ("Developer's Webpage"). If Franchisor includes such information on the Website, Franchisor may require Developer to prepare (or pay Franchisor or a third party to prepare) all or a portion of Developer's Webpage, at Developer's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.~~

~~(3) Franchisor also shall have the sole right (but no obligation) to develop an Intranet through which Franchisor and its franchisees can communicate by e-mail or similar electronic means. If Franchisor develops such an Intranet, Developer 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).~~

~~I~~

F. Legal Compliance. In addition to complying with its obligations under this Agreement, Developer shall comply with all requirements of federal, state and local laws, rules, regulations, ordinances and orders.

VI. ~~VII.~~ DEFAULT AND TERMINATION; POST TERMINATION OBLIGATIONS

A. Termination Without Notice or Cure. Developer shall be deemed to be in material default under this Agreement and all rights granted herein shall automatically terminate without notice to Developer if:

1. Developer becomes insolvent or makes a general assignment for the benefit of creditors or files a voluntary petition under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state or admits in writing its inability to pay its debts when due;

2. Developer is adjudicated bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy law or any similar law or statute of the United States or any state;

3. A bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer, or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction;

4. Proceedings for a composition with creditors under any state or federal law are instituted by or against Developer;

5. A final judgment against Developer remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed);

6. Developer is dissolved;

7. Execution is levied against Developer's business or property;

8. Judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the premises or equipment of any business operated hereunder or under any Franchise Agreement is instituted and not dismissed within thirty (30) days; or

9. The real or personal property of any business operated hereunder or under any Franchise Agreement shall be sold after levy by any sheriff, marshal or constable.

B. Termination on Notice; No Cure. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon written notice to Developer, upon the occurrence of any of the following events of default:

1. If Developer fails to comply with the Development Schedule, or otherwise fails to satisfy its obligations set forth in Section III.

2. If Developer or any of the Principals is convicted of, or enters a plea of nolo contendere to, 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 Marks, the goodwill associated therewith or Franchisor's interests therein.

3. If a threat or danger to public health or safety results from the construction, maintenance or operation of any Spa developed under this Agreement.

4. If Developer or any of the Principals breach in any material respect any of the representations, warranties and covenants in Section ~~VI~~V.

5. If Developer or any of the Principals transfers or attempts to transfer any rights or obligations under this Agreement, or any interest in Developer or the business contemplated hereby contrary to the terms of this Agreement, or if an approved transfer upon death or permanent disability is not effected within the time period and in the manner prescribed by Section ~~VIII.F~~VII.D.

6. If Developer or any of the Principals fails to comply with the covenants in Section ~~IX~~VIII.

7. If Developer, or any of the Principals, repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured after notice by Franchisor.

8. If Developer or any Affiliate of Developer is in default of any Franchise Agreement with Franchisor and fails to cure such default within the applicable cure period, if any.

C. Termination After Notice and Opportunity to Cure. Upon the occurrence of any event set forth below, Developer shall be deemed to be in material default, and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, by giving Developer written notice stating the nature of the default and the applicable cure period (defined below). Developer may avoid termination by curing such default to Franchisor's satisfaction within the time period set forth below or such longer period as applicable law may require ("cure period"). If a default is not cured within the cure period, Developer's rights under this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the cure period.

1. If Developer or any of its Affiliates fails, refuses or neglects promptly to pay when due any monetary obligation owing to Franchisor or any of its Affiliates and fails to cure such default within five (5) days following notice from Franchisor, or if Developer or any of its Affiliates are otherwise in default under any Franchise Agreement and fails to cure such default within the applicable cure period, if any, contained in such Franchise Agreement.

2. If Developer fails to designate a qualified replacement Operating Principal or General Manager within thirty (30) days after any initial or successor Operating Principal or General Manager ceases to serve.

3. If Developer fails to obtain the execution of the covenants required under Section ~~IX~~VIII.F. within thirty (30) days following Franchisor's request that Developer do so.

4. If Developer misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or with the System or Franchisor's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor.

5. If Developer fails to comply with any other term or condition imposed by this Agreement and fails to cure within thirty (30) days following notice from Franchisor.

D. Additional Remedies. Upon default by Developer under Section ~~VII~~VI.B. or C., Franchisor may, in its sole discretion, elect to exercise any one or more of the following remedies in lieu of terminating this Agreement: (i) terminate or modify any territorial protections granted to Developer in Section I., (ii) reduce the size of the Territory, (iii) reduce the number of Spas which Developer may establish pursuant to the Development Schedule.

1. If Franchisor elects to exercise one or more of the additional remedies set forth above, Developer shall continue to develop Spas in accordance with its rights and obligations hereunder, as so modified. To the extent such rights are modified pursuant to this Section ~~VII~~VI.D., Developer acknowledges that Franchisor shall be entitled to establish, and to license others to establish, Woodhouse Day Spas in some or all of the Territory, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

2. Franchisor's exercise of any of its remedies under this Section ~~VII~~VI.D. shall not constitute a waiver by Franchisor to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

E. Effect on Franchise Agreements; Remedies Non-Exclusive

1. No default under this Agreement shall constitute a default under any Franchise Agreement, unless the default is also a default under the terms of such Franchise Agreement.

2. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

F. Post-Termination Obligations. Upon the termination or expiration of this Agreement, Developer shall have no right to establish or operate any Spa for which a Franchise Agreement has not been executed by Franchisor and delivered to Developer at the time of termination or expiration (but may complete development of and/or operate Spas under then existing Franchise Agreements) and Franchisor may develop, or authorize others to develop, Woodhouse Day Spas in the Territory. Upon the expiration or termination of this Agreement:

1. Developer and the Principals shall comply with the restrictions on confidential information contained in Section ~~IX~~VIII.A. and the covenants against competition contained in Section ~~IX~~VIII.B. Any other person required to execute similar covenants pursuant to Section ~~IX~~VIII.F. shall also comply with such covenants.

2. Developer and its Principals shall promptly pay all sums owing to Franchisor and its subsidiaries or Affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Developer, 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 Developer and on the premises operated

under any Franchise Agreement at the time of default.

3. Developer and the Principals shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section ~~VII~~VI.F.

VII. ~~VIII.~~ TRANSFER OF INTEREST

A. By Franchisor. 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 without Developer's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all Franchisor's obligations arising hereunder subsequent to the transfer or assignment. Without limitation of the foregoing, Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. By Developer and Principals. Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and that Franchisor has granted such rights in reliance on the business skill, financial capacity and personal character of Developer and Developer's Principals. Accordingly, neither Developer nor any Principal, nor any successor or assign of Developer or any Principal, shall sell, assign, transfer, convey, merge, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement (including, without limitation, any or all of Developer's rights or obligations hereunder), the business operated under this Agreement (except as provided in the businesses respective Franchise Agreement), or in Developer (except as provided in Section ~~VIII~~VII.~~D~~C. below), whether or not such sale, assignment, transfer, conveyance, merger, gift, pledge, mortgage, disposition, or encumbrance constitutes a transfer or assignment under applicable law, without the prior written consent of Franchisor, which consent Franchisor may grant or deny in its sole determination. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement.

~~1. If Developer wishes to transfer all or part of its interest in this Agreement or in the business operated hereunder, or if Developer or a Principal wishes to transfer any interest in Developer (except as permitted in Section VIII.D.), transferor and the proposed transferee shall apply to Franchisor for its consent. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Developer, in this Agreement or in the business operated hereunder but Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval to any such transfer:~~

~~(a) All the accrued monetary obligations of Developer and its Affiliates and all other outstanding obligations to Franchisor and its Affiliates arising under this Agreement or any Franchise Agreement or other agreement shall have been satisfied in a timely manner and Developer shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;~~

~~(b) Developer and its Affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement or other agreement between Developer or any of its Affiliates and Franchisor or any of its Affiliates; and Developer shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;~~

~~(c) The transferor and its principals (if applicable) shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor, its Affiliates, Area Representatives, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual~~

capacities, including, without limitation, claims arising under this Agreement, any Franchise Agreement and any other agreement between Developer and Franchisor or any of its Affiliates or under federal, state or local laws, rules, regulations and orders;

(d) The transferee shall enter into a written agreement, satisfactory to Franchisor, assuming full, unconditional, joint and several, liability for and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of Developer in this Agreement; and, if transferee is a corporation, partnership or limited liability company, such of transferee's principals as Franchisor may designate as principals shall execute such agreement as transferee's principals, and guarantee the performance of all such obligations, covenants and agreements;

(e) The transferee shall execute the standard form development agreement then being offered to new System developers or a revised form of this Agreement, as Franchisor deems appropriate, and such other ancillary agreements as Franchisor may require, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, and if the transferee is a corporation, partnership, or limited liability company, such of transferee's principals as Franchisor may designate shall execute such agreement and guarantee the performance thereof;

(f) The transferee shall demonstrate to Franchisor's satisfaction that transferee meets the criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including, but not limited to, Franchisor's educational, managerial and business standards, transferee's good moral character, business reputation and credit rating, transferee's aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise), transferee's financial resources and capital for operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other Spas operated by transferee, if any;

(g) The transferor shall remain liable for all of the obligations to Franchisor in connection with this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(h) Developer shall pay Franchisor a transfer fee in the amount of five thousand dollars ($5,000) and shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, training costs and legal and accounting fees and costs;

(i) If transferee is a corporation, partnership or limited liability company, transferee shall make and will be bound by any or all of the representations, warranties and covenants in Section VI. as Franchisor requests. Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of Sections VI.B., C. and D. have been satisfied and are true and correct on the date of transfer.

2. If the transfer relates to the grant of a security interest in any of Developer's assets, Franchisor may require the secured party to agree that, in the event of any default by Developer under any documents related to the security interest, Franchisor shall have the right and option (but no obligation) to be substituted as obligor to the secured party and to cure any default of Developer.

3. Developer acknowledges and agrees that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section VIII.B.1, except that the requirements in Sections VIII.B.1.(c), (e), and (f) shall not apply and the fee provided for in Section VIII.B.1.(h) shall be equal to Franchisor's reasonable

~~out-of-pocket costs and expenses (including legal and accounting fees and costs associated with reviewing the application to transfer). In any transfer for the convenience of ownership, Developer shall be the owner of all the voting stock or interest of the corporation, and if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Developer prior to the transfer.~~

~~D~~

C. Transfer of Non-Controlling Interest. If any person holding an interest in Developer (other than a Principal signing the Principals' Guaranty and Assumption Agreement) proposes to transfer such interest, then Developer shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to the transfer. The transferee shall not be one of Franchisor's competitor and may be required to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by Franchisor, which form shall be in substantially the same as the form attached to this Agreement as Attachment B. Franchisor reserves the right to require such transferee to sign the Principals' Guaranty and Assumption Agreement.

~~E. Right of First Refusal. If Developer or a Principal wishes to transfer any interest in this Agreement, the business operated hereunder, or in Developer, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of each such offer, 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 and copies of all required documentation describing the terms of such offer, 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 shall occur on or before sixty (60) days from the later of the date of Franchisor's notice to seller of its election to purchase and the date Franchisor receives all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, Franchisor may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If Franchisor exercises its right of first refusal, it shall have the right to set off all appraisal fees and other amounts due from Developer to Franchisor or any of its Affiliates. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section VIII.E. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section VIII. relating to a proposed transfer. Failure to comply with this Section VIII.E. shall constitute a material event of default under this Agreement.~~

~~F~~

D. Death or Permanent Disability. Developer or its representative shall promptly notify Franchisor of any death or claim of permanent disability subject to this Section ~~VIII~~VII.~~F~~D. Any transfer upon death or permanent disability shall be subject to the following conditions~~, as well as to the conditions described in Section VIII.B. for any inter vivos transfer~~.

1. Upon the death of Developer (if Developer is a natural person) or any Principal who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within six (6) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved

by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within six (6) months after the death of the Deceased.

2. Upon the permanent disability of Developer (if Developer is a natural person) or any Principal who is a natural person, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section ~~VIII~~VII. within six (6) months after notice to Developer. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section ~~VIII~~VII.F. The costs of any examination required by this Section shall be paid by Franchisor.

~~G. Securities Offerings. Interests in Developer shall not be offered to the public by private or public offering without Franchisor's prior written consent, which shall not be unreasonably withheld. As a condition of its consent, Franchisor may, in its sole discretion, require that, immediately after such offering, Developer and the Principals retain a Controlling Interest in Developer. Developer shall give Franchisor written notice at least thirty (30) days prior to the commencement of any offering covered by this Section VIII.G. All offering materials shall be submitted to Franchisor for review prior to being filed with any governmental agency or distributed for use. Franchisor's review of the offering materials shall be limited solely to the subject of the relationship between Developer and Franchisor. No offering shall imply that Franchisor is participating in an underwriting, issuance or offering of securities. Franchisor may require the offering materials to contain a written statement prescribed by Franchisor concerning the relationship of Developer and Franchisor. Developer, its Principals and the other participants in the offering must fully indemnify Franchisor, its Affiliates, their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, Developer shall pay to Franchisor a non-refundable fee of Three Thousand Dollars ($3,000) and shall reimburse Franchisor for its reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.~~

~~H~~

E. No Waiver. Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor 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 transferee.

VIII. ~~IX.~~ COVENANTS

A. Confidentiality. Neither Developer nor any Principal shall, during the term of this Agreement and thereafter, communicate, divulge, or use for the benefit of, any other person, persons, partnership, limited liability company, corporation or other entity or association and, following the termination or expiration of this Agreement, they shall not use for their own benefit, any Confidential Information, knowledge or know-how which may be communicated to them or of which they may be apprised concerning the methods of conducting the business contemplated by this Agreement, including, without limitation, the methods of development and operation of the Spas and other information contained in the Manuals or otherwise disclosed. Developer and each of the Principals shall disclose such Confidential Information only to those employees of Developer who must have access to it in connection with their employment. Neither Developer nor the Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such Confidential Information, in whole or in part,

nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer and each of the Principals.

B. Noncompetition Covenants. Developer and the Principals specifically acknowledge that, pursuant to this Agreement, they will receive access to valuable training, trade secrets and Confidential Information which are beyond their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. Developer and the Principals further acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage, and that gaining access thereto is a primary reason for entering into this Agreement. In consideration therefor, Developer and the Principals covenant as follows:

1. With respect to Developer, during the term of this Agreement (or with respect to each of the Principals, for so long as such individual or entity satisfies the definition of "Principal" under this Agreement) except as otherwise approved in writing by Franchisor, neither Developer nor any of the Principals shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity or association:

(a) Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Spas operated under valid Franchise Agreements with Franchisor, own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to a Woodhouse Day Spa (including, without limitation, a spa business or a business which offers massages, facials, nail treatments, or other spa treatments) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the Marks or similar marks or operates or licenses others to operate a business under the Marks or similar marks.

2. With respect to Developer, and for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Developer's interest in, this Agreement (or with respect to each of the Principals, commencing upon the earlier of (i) the expiration, termination, or transfer of all of Developer's interest in this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Principal" under this Agreement), and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Developer nor any of the Principals shall, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity or association:

(a) Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Woodhouse Day Spas operated under valid Franchise Agreements with Franchisor, own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in, advise, assist or make loans to, a business that is the same as or similar to a Woodhouse Day Spa (including, without limitation, a spa business or a business which offers massages, facials, nail treatments, or other spa treatments) which business is, or is intended to be, located (i) within the Territory, or (ii) within a five (5)-mile radius of the location of any Woodhouse Day Spa then in existence or under construction.

C. Reasonable Restrictions. The parties acknowledge and agree that each of the covenants contained herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. Each such covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section ~~IX~~VIII. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section. The time periods relating to the obligations set forth in Section ~~IX~~VIII.B.2. will be tolled for any period of non-compliance.

D. Reduction of Scope of Covenant. Developer and the Principals acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section ~~IX~~VIII. without their consent, effective immediately upon notice to Developer, and Developer and the Principals agree that they shall promptly comply with any covenant as so modified.

E. Enforcement. Developer and the Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section ~~IX~~VIII.

F. Execution of Covenants. Developer shall require and obtain execution of covenants similar to those set forth in Section ~~IX~~VIII. from all Principals not signing the Principals' Guaranty and Assumption Agreement, from all General Managers and, if requested by Franchisor, other personnel of Developer who have received or will have access to Confidential Information or training from Franchisor. Such covenants shall be substantially in the form set forth in Attachment B. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the scope of the noncompetition covenant set forth in Attachment B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement under this Section ~~IX~~VIII.F.

G. Injunctive Relief. Developer and the Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material breach of this Agreement. Developer and the Principals acknowledge that a violation of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Developer or the Principals in violation of the terms of this Section, without the requirement that Franchisor post a bond. Developer and the Principals agree to pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining injunctive relief or any other remedy available to Franchisor for any violation of the requirements of this Section.

H. New Developments. If Developer, its employees, or Principals develop any new concept, process or improvement in the operation or promotion of the business contemplated by this Agreement or any Spa developed pursuant to this Agreement, Developer shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Developer and its Principals hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Developer and its Principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. Developer and its Principals hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the

prosecution and issuance of patents or other intellectual property right related to any such concept, process or improvement. In the event that the foregoing provisions of this Section ~~IX~~VIII.H. are found to be invalid or otherwise unenforceable, Developer and its Principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein.

I. Anti-Terrorism Laws. Developer certifies that neither Developer nor its owners, employees or anyone associated with Developer is listed in the Annex to Executive Order 13224. (The Annex is available at http://www.ustreas.gov/offices/enforcement/ofac/.) Developer agrees not to hire or have any dealings with a person listed in the Annex. Developer certifies that it has no knowledge or information that, if generally known, would result in Developer, its owners, employees, or anyone associated with Developer being listed in the Annex to Executive Order 13224. Developer agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Developer certifies, represents, and warrants that none of its property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Developer and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. Developer is solely responsible for ascertaining what actions must be taken by Developer to comply with all such Anti-Terrorism Laws, and Developer specifically acknowledges and agrees that Developer's indemnification responsibilities as provided in Section ~~XI~~X. of this Agreement pertain to Developer's obligations under this Section ~~IX~~VIII.I. Any misrepresentation by Developer under this Section or any violation of the Anti-Terrorism Laws by Developer, its owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's Affiliates in accordance with the terms of Section ~~VII~~VI.B.(6) and ~~VII~~VI.~~F~~E. of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

IX. ~~X.~~ INDEPENDENT CONTRACTOR

A. Independent Contractor Relationship. Developer agrees that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and Franchisor owes Developer no duties except as expressly provided in this Agreement. Developer shall be an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor conducting its operations pursuant to the rights granted by Franchisor. All employees hired by or working for Developer or its Affiliates will be Developer's or Developer's Affiliate's employees and will not, for any purpose, be deemed employees of Franchisor or its Affiliates or subject to Franchisor's or its Affiliates' control. Franchisor has no authority to hire, fire, promote, or demote any of Developer's employees or take any disciplinary action whatsoever against any of them. Additionally, Developer must communicate to all employees that Developer, not Franchisor, is their employer; and Developer must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or Developer's name. Each of the parties will file its own tax, regulatory, and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof

B. No Authority. Nothing in this Agreement authorizes Developer or any of the Principals 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 under this Agreement as a result of, any such action, or for any act or omission of Developer or any of the Principals or any claim or judgment arising therefrom.

X. ~~XI.~~ INDEMNIFICATION

A. Indemnity. Developer and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its Affiliates~~, Area Representatives~~, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them ("Indemnitees") from all Losses and Expenses, defined below, incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or relates to this Agreement in any way or which arises out of or is based upon any of the following:

1. The infringement, alleged infringement, or any other violation or alleged violation by Developer or any of the Principals of any patent, mark, copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted to Developer under a Franchise Agreement);

2. The violation, breach or asserted violation or breach by Developer or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive, or any industry standard;

3. Libel, slander or any other form of defamation of Franchisor, the System, or any developer or franchisee under the System, by Developer or by any of the Principals;

4. The violation or breach by Developer or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any Franchise Agreement or other agreement between Developer or any of its Affiliates and Franchisor or any of its Affiliates; and

5. Acts, errors or omissions of Developer, any of Developer's Affiliates, any of the Principals and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of any of them in connection with the employer/employee relationship between Developer and its employees, the performance of the development activities contemplated under this Agreement, or the establishment and operation of any Spa pursuant to a Franchise Agreement.

B. Defense of Claim. Developer and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Developer and each of the Principals, Franchisor may elect to assume (but under no circumstance is obligated to undertake), or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Developer and each of the Principals to indemnify the Indemnitees and to hold them harmless.

C. Remedial Action. In order to protect persons or property or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

1. any of the acts or circumstances enumerated in Section ~~XI~~X.A.(1)-(4) above has

occurred; or

2. any act, error or omission as described in Section ~~XI~~X.A.(5) may result directly or indirectly in damage, injury or harm to any person or any property.

D. Losses and Expenses.

1. All Losses and Expenses incurred under this Section ~~XI~~X. shall be chargeable to and paid by Developer or any of the Principals pursuant to its obligations of indemnity under this Section, regardless of any action, activity or defense undertaken by Franchisor or the subsequent success or failure of such action, activity or defense.

2. As used in this Section ~~XI~~X., the phrase "Losses and Expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees and costs, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, financing costs, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, any and all expenses of recall, refunds, compensation and public notices and all other payments of money incurred in connection with the matters described.

E. Contributory Negligence. The Indemnitees do not assume any liability for acts, errors or omissions of those with whom Developer or the Principals may contract, regardless of the purpose. Developer and the Principals shall hold harmless and indemnify the Indemnitees as set forth herein without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be gross, sole, joint or concurrent, or active or passive) or strict liability of Franchisor or any other party or parties arising in connection therewith, including, without limitation, the other Indemnitees.

F. No Duty to Mitigate; Survival of Obligations. Under no circumstances shall Franchisor be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under the indemnity and against Developer, and the failure of Franchisor to pursue such recovery or mitigate such loss will no way reduce the amounts recoverable by Franchisor from Developer. Developer and the Principals expressly agree that the terms of this Section ~~XI~~X. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

XI. ~~XII.~~ MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: The Woodhouse SPAS, LLC
~~One O'Connor Plaza, 1st Floor~~
~~Victoria, Texas 77901~~
300 Union Boulevard, Suite 600
Lakewood, Colorado 80228
Attention: Ben Jones
Telephone: 877-570-7772
~~Facsimile: 361-578-7116~~

Notices to Developer and the Principals: _____
_____
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail) as provided below.

B. Entire Agreement. This Agreement, the documents referred to herein and the Attachments hereto, constitute the entire, full and complete agreement between Franchisor and Developer and the Principals concerning the subject matter hereof and shall supersede all prior related agreements; provided, however, that nothing in this or any related agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent franchise disclosure document (including its exhibits and amendments) that we delivered to Developer or Developer's representative, subject to any agreed-upon changes to the contract terms and conditions described in that franchise disclosure document and reflected in this Agreement (including any riders or addenda signed at the time as 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.

C. No Waiver. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Developer or the Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Developer or the Principals, or as to a subsequent breach or default by Developer or the Principals.

D. Approval or Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to Developer, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by Franchisor, nor does Franchisor assume any liability or obligation to Developer or any third party as a result thereof.

~~E. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, Developer shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by Developer in accordance with Section XI. Except as provided in the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.~~

~~F~~

E. MEDIATION. EXCEPT FOR ACTIONS WHICH THE FRANCHISOR MAY BRING IN ANY COURT OF COMPETENT JURISDICTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (iii) INVOLVING THE POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS OR THE CONFIDENTIAL INFORMATION, THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN FRANCHISOR OR ANY OF ITS AFFILIATES ~~OR AREA REPRESENTATIVES~~ (AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND DEVELOPER (AND DEVELOPER'S AGENTS, REPRESENTATIVES AND/OR EMPLOYEES, AS APPLICABLE) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER OR THEIR RESPECTIVE AFFILIATES, (b) FRANCHISOR'S RELATIONSHIP WITH DEVELOPER OR THEIR RESPECTIVE AFFILIATES, (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR OR DEVELOPER, OR (d) ANY SYSTEM STANDARD, TO MEDIATION PRIOR TO BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION SHALL BE CONDUCTED BY EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND DEVELOPERS, AS AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME (NOT TO EXCEED FIFTEEN (15) DAYS) AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES AND COSTS INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING UNDER SECTION ~~XII~~XI.~~G~~F.

~~G~~F. JURISDICTION AND VENUE. FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, DEVELOPER AND PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY, OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. DEVELOPER AND PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. DEVELOPER AND PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.

~~H~~G. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER TEXAS LAW (EXCEPT FOR TEXAS CONFLICT OF LAW RULES).

~~I~~H. MUTUAL ACKNOWLEDGMENTS. THE PARTIES ACKNOWLEDGE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF THEM WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH PARTY FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT. IN ADDITION, THE PARTIES ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN VICTORIA, TEXAS, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF DEVELOPER ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN VICTORIA, TEXAS.

~~J~~I. DAMAGES WAIVER. DEVELOPER AND THE PRINCIPALS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST FRANCHISOR, ITS AFFILIATES, ~~AREA REPRESENTATIVES,~~ AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, MEMBERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES OF EACH OF THEM, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT IN THE EVENT OF A DISPUTE, DEVELOPER AND THE PRINCIPALS SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THEM. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

~~K~~J. JURY WAIVER. IN ANY LITIGATION BETWEEN THE PARTIES FOUNDED UPON OR ARISING FROM THIS AGREEMENT, THE PARTIES HEREBY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL, AND THE PARTIES HEREBY STIPULATE THAT ANY SUCH TRIAL SHALL OCCUR WITHOUT A JURY.

~~L~~K. BUSINESS JUDGMENT. DEVELOPER, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT VARIOUS PROVISIONS OF THIS AGREEMENT SPECIFY CERTAIN MATTERS THAT ARE WITHIN THE DISCRETION OR JUDGMENT OF FRANCHISOR OR ARE OTHERWISE TO BE DETERMINED UNILATERALLY BY FRANCHISOR. IF THE EXERCISE OF FRANCHISOR'S DISCRETION OR JUDGMENT AS TO ANY SUCH MATTER IS SUBSEQUENTLY CHALLENGED, THE PARTIES TO THIS AGREEMENT EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION OR JUDGMENT IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF SUCH DISCRETION OR JUDGMENT, WITHOUT REGARD TO WHETHER OTHER REASONS FOR

ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

~~M~~L. LIMITATION OF CLAIMS. EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO (i) ANY MISREPRESENTATION OR OMISSION MADE BY DEVELOPER OR ITS PRINCIPALS UNDER THIS AGREEMENT OR IN ANY APPLICATION THEREFOR, (ii) DEVELOPER'S OBLIGATIONS TO PROTECT FRANCHISOR'S CONFIDENTIAL INFORMATION, OR (iii) DEVELOPER'S OBLIGATIONS TO INDEMNIFY FRANCHISOR PURSUANT TO SECTION ~~XI~~X., ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF DEVELOPER AND FRANCHISOR PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR TWO (2) YEARS FROM THE DATE ON WHICH DEVELOPER OR FRANCHISOR KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

~~N~~M. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

~~O~~N. Headings. The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

~~P~~O. Survival. Any obligation of Developer or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Developer or the Principals therein, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections ~~XII~~XI.E., F., ~~G.~~ and ~~H.~~ G. are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

~~Q~~P. Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision 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, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

~~R~~Q. Gender. All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Developer in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

~~S~~R. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its Affiliates and Franchisor or any of its Affiliates. The rights and

remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section ~~VII~~VI. of this Agreement shall not discharge or release Developer or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement. Additionally, Developer and the Principals shall pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in obtaining any remedy available to Franchisor for any violation of this Agreement.

~~T~~S. No Third-Party Beneficiary. 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 Developer, Franchisor, and Franchisor's, officers, directors and personnel and such of Developer's and Franchisor's respective successors and assigns as may be contemplated ~~(and, as to Developer, authorized by Section VIII.)~~, any rights or remedies under or as a result of this Agreement.

~~U~~T. Further Assurances. The parties will promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

~~V~~U. Agreement Effective Upon Execution by Franchisor. This Agreement shall not become effective until signed by an authorized representative of Franchisor.

XII. ~~XIII.~~ ACKNOWLEDGMENTS

A. Independent Investigation. Developer acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Developer. Franchisor expressly disclaims making, and Developer acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Consultation with Advisors. Developer acknowledges that Developer has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Developer sufficient time and opportunity to consult with advisors selected by Developer about the potential benefits and risks of entering into this Agreement.

C. FTC Rule Compliance. Developer acknowledges that it received a complete copy of Franchisor's disclosure document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C.F.R. Part 436) within the time period required by applicable law.

D. No Reliance. Developer is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

~~E. Area Representatives. Developer acknowledges that Franchisor has the right to delegate certain of its obligations under this Agreement to an Area Representative. Developer agrees to deal directly with any such Area Representative as Franchisor's agent; provided, however, that if the directions or instructions that Developer receives from the Area Representative are inconsistent with or contrary to, any directions or instructions that Developer receives from Franchisor, Developer shall follow Franchisor's directions and/or instructions. Developer further acknowledges that Developer will have no contractual relationship with the Area Representative by virtue of Franchisor's delegation of certain of its obligations to the Area Representative.~~

XIII. ~~XIV.~~ CERTAIN DEFINITIONS

A. An "Affiliate" of a named person is any person or entity that is controlled by, controlling or under common control with such named person.

B. "Business Day" means any day other than Saturday, Sunday or the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

C. "Confidential Information" means any confidential information, knowledge or know-how concerning the methods of establishing and operating a Woodhouse Day Spa which may be communicated to Developer or any of the Principals or of which they may be apprised under this Agreement. Any and all information, knowledge, know-how, techniques, Internet/Intranet passwords, and any materials used in or related to the System which Franchisor provides to Developer in connection with this Agreement shall be deemed confidential for the purposes of this Agreement.

D. "Controlling Interest" means (a) if Developer is a corporation, that the Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the shares of each class of Developer's issued and outstanding capital stock and (ii) be entitled, under its governing documents and under any agreements among the shareholders, to cast a sufficient number of votes to require such corporation to take or omit to take any action which such corporation is required to take or omit to take under this Agreement, or (b) if Developer is a partnership, that the Principals (i) own at least fifty-one percent (51%) interest in the operating profits and operating losses of the partnership as well as at least fifty-one percent (51%) ownership interest in the partnership (and at least fifty-one percent (51%) interest in the shares of each class of capital stock of any corporate general partner) and (ii) be entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

E. "Development Schedule" means, collectively, the schedule in Attachment F of this Agreement which designates the number of Woodhouse Day Spas to be established and operated by Developer in the Territory upon the expiration of each designated Development Period and the schedule in Attachment F which establishes the Projected Opening Date for each such Spa.

F. "Development Period(s)" means the discrete periods set forth in the Development Schedule within which Developer must establish and have in operation the designated number of Spas.

G. "Developer's Principals" shall include, collectively and individually, Developer's spouse all officers and directors of Developer (including the officers and directors of any general partner of Developer) whom Franchisor designates as Developer's Principals and all holders of an ownership interest in Developer and of any entity directly or indirectly controlling Developer.

H. "Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, war, terrorism, riot, epidemic, fire or other catastrophe or other forces beyond Developer's control.

I. "Franchise Agreements" means franchise agreements for Woodhouse Day Spas executed pursuant to this Development Agreement, as described in Section III.A.1.

J. "General Manager" means a qualified individual who meets the requirements in Section ~~VI~~V.E. of this Agreement but who is not required to own an interest in Developer, designated by Developer and approved by Franchisor to supervise the Developer's operations under this Agreement.

K. "Internet" means a global computer-based communications network.

L. "Intranet" means a restricted global computer-based communications network.

M. "Projected Opening Date" means the date by which each Spa is to be open for business, which shall be no later than the dates set forth in the Development Schedule.

N. "Publicly-held Corporation" is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

O. "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed on or measured by Franchisor's net income.

P. "Territory" means the geographic area described in Attachment E to this Development Agreement.

{Signatures appear on the following page.}

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:

The Woodhouse SPAS, LLC,
a Texas limited liability company

By:_____
Name: _____
Title: _____
Date:_____

DEVELOPER:

_____

By:_____
Name: _____
Title: _____
Date:_____

ATTACHMENT A

PRINCIPALS' GUARANTY AND ASSUMPTION AGREEMENT

This Principals' Guaranty and Assumption Agreement ("Guaranty") is given this _____ day of 20__, by the undersigned.

In consideration of, and as an inducement to, the execution of the Development Agreement ("Agreement") by The Woodhouse SPAS, LLC ("Franchisor"), each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, "Guarantor" and collectively "Guarantors") hereby personally and unconditionally guarantees to Franchisor and Franchisor's successors and assigns, that Developer will punctually pay its obligations for development fees, royalties, marketing and advertising fund contributions and purchases of equipment, materials, supplies and other amounts due under the Agreement and under all Franchise Agreements entered into pursuant to the development of Woodhouse Day Spas under the Agreement.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Developer or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Developer arising as a result of his or her execution of and performance under this Guaranty (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Developer, but also among the Guarantors; and

(ii) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; and

(iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and

(iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Agreement and for so long thereafter as there are any monies or obligations owing by Developer to Franchisor under the Agreement; and

(v) Developer's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Developer will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in the Development Agreement and is obligated to perform thereunder, including, without limitation, under Sections VI.F.; VII.~~F.~~; VIII.; ~~IX.; XI~~X.; and ~~XII~~XI.E., F., G., H., I., J., ~~K.~~ and ~~M~~L.

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTORS

_____

*Name: _____

_____

Name: _____

_____

Name: _____

_____

Name: _____

* Denotes individual who is Developer's Operating Principal

ATTACHMENT B

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this ____ day of _____, 20__, between The Woodhouse SPAS, LLC ("Franchisor"), _____ ("Developer") and _____ ("Covenantor") in connection with a development agreement between Franchisor and Developer dated _____, 20__ ("Development Agreement"). Initially capitalized terms used, but not defined in this Agreement, have the meanings contained in the Development Agreement.

RECITALS

Franchisor has the right to use and license the use of a System for the establishment and operation of Woodhouse Day Spas.

The System is identified by certain Marks including, the mark "Woodhouse Day Spa," and includes certain Confidential Information which provides economic advantages to Franchisor and licensed users of the System.

Franchisor has granted Developer the limited right to develop Spas using the System, the Marks and the Confidential Information under the Development Agreement.

In connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Confidential Information.

Franchisor and Developer have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Developer therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Developer in connection with the development and operation of Woodhouse Day Spas under the Development Agreement or Franchise Agreements.

2. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the development or operation of a Spa using the System.

4. Covenantor shall surrender any material containing some or all of the Confidential Information to Developer or Franchisor, upon request, or upon termination of employment by Developer.

5. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. Covenantor acknowledges that all Manuals are loaned by Franchisor to Developer for limited purposes only and remain the property of Franchisor. Covenantor agrees that no Manuals may be reproduced, in whole or in part, without Franchisor's written consent.

[**Covenants Not to Compete**[1]

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to Covenantor, Covenantor agrees that, during the term of his or her association with or employment by Developer, and for a period of one (1) year following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Developer's interest in the Development Agreement, Covenantor will not, without Franchisor's prior written consent or as permitted under valid Franchise Agreements for Woodhouse Day Spas granted pursuant to the Development Agreement:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of the business described hereunder to any competitor; and

b. Directly or indirectly, for himself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association, or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as or similar to a Woodhouse Day Spa (including, without limitation, a spa business or a business which offers massages, facials, nail treatments, or other spa treatments) which is, or is intended to be, located (i) within the Territory, or (ii) within a five (5)-mile radius of any Woodhouse Day Spa then in existence or under construction.]

[**Principal's Undertaking**

Covenantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in Sections VII.; VIII~~.; IX~~.A., B., C., D., E., G. and H.; and ~~XII~~XI.E., F., G., H., I., J., ~~K.~~ and ~~M~~L. of the Development Agreement and is obligated to perform thereunder.]

Miscellaneous

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The time periods relating to the obligations set forth in this Agreement will be tolled for any period of non-compliance.

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

c. In the event of a breach of this Agreement, Franchisor would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, Franchisor shall be entitled, in addition to any other remedies which it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the

[1] If Covenantor is an Principal not signing the Principals' Guaranty and Assumption Agreement, delete the Covenants Not to Compete section and replace it with the Principals' Undertaking section.

terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by Franchisor and Developer in enforcing this Agreement.

4. Any failure by Franchisor or the Developer to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO TEXAS CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR DEVELOPER MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

7. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

The Woodhouse SPAS, LLC
~~One O'Connor Plaza, 1st Floor~~
~~Victoria, Texas 77901~~
300 Union Boulevard, Suite 600
Lakewood, Colorado 80228
Attention: Ben Jones
Telephone: (877) 570-7772
~~Facsimile: (361) 578-7116~~

If directed to Developer, the notice shall be addressed to:

_____

_____

_____
Attention:_____
Telephone:(___)_____
Facsimile:(___)_____

If directed to Covenantor, the notice shall be addressed to:

_____
_____
_____
Attention:_____
Telephone:(___)_____
Facsimile:(___)_____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

8. Franchisor and its successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at their option and in their sole discretion, to enforce this Agreement.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall insure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or Covenantor, without the prior written consent of Franchisor.

{Signatures appear on the following page.}

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

The Woodhouse SPAS, LLC,
a Texas limited liability company

By:_____
Name:_____
Title:_____
Date:_____

DEVELOPER:

_____

By:_____
Name:_____
Title:_____
Date:_____

COVENANTOR:

_____

By:_____
Name:_____
Title:_____
Date:_____

ATTACHMENT C

Franchise Agreement

(See Exhibit C of Franchise Disclosure Document)

ATTACHMENT D

STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS

A. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in Developer, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN DEVELOPER	NATURE OF INTEREST

B. The following is a list of all of Developer's Principals, as defined in and designated pursuant to Section ~~XIV~~XIII.~~J~~G. of the Development Agreement, each of whom shall (unless executing the Principals' Guaranty and Assumption Agreement) execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Attachment B to the Development Agreement:

_____

_____

_____

_____

ATTACHMENT E

DESCRIPTION OF TERRITORY

TERRITORY:

_____
_____
_____
_____

ATTACHMENT F

DEVELOPMENT SCHEDULE AND PROJECTED OPENING DATES

Development Period	**Expiration Date of Development Period**	**Cumulative Total Number of Spas Located in the Territory Which You Must Have Open and in Operation**
1		
2		
~~3~~		
~~4~~		
~~5~~		

Spa	**Projected Opening Date**	**Franchise Agreement Execution Date**
1		~~Within 90 days of~~Concurrently with this Agreement
2		
~~3~~		
~~4~~		

ATTACHMENT G
LEASE ADDENDUM TERMS

(a) Landlord acknowledges that Tenant is a franchisee of The Woodhouse SPAS, LLC, a Texas limited liability company("Franchisor"), and that the spa located at the Premises ("Unit") is operated under the Woodhouse Day Spa franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the Woodhouse Day Spa system as Franchisor may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("Franchisor Notice"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1st) date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six (6) month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), Franchisor shall notify Landlord that the franchise for the Unit is being granted to another Woodhouse Day Spa franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any

~~manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.~~

~~(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Woodhouse Day Spa system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits and discharges Franchisor and Landlord, their respective subsidiaries, Affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to the Addendum.~~

~~(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be One O'Connor Plaza, 1st Floor, Victoria, Texas 77901, Attention: Ben Jones, which address may be changed by written notice to Landlord in the manner provided in the Lease.~~

AMENDMENT TO THE WOODHOUSE SPAS, LLC DEVELOPMENT AGREEMENT FOR THE STATE OF CALIFORNIA

The Woodhouse SPAS, LLC Development Agreement between _____ ("Developer" or "You") and The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of ~~Business Oversight~~Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

b. The 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.).

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

d. The franchise agreement requires mediation. The costs of the mediation will be borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws

(such as Business and Professions Code Section 20040.5, Code of Civil Procedure 1281, and the Federal Arbitration Act) to any provision of a franchise agreement restricting venue to a forum outside the State of California.

e. The Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

2. Sections II. A. and II.B. of the Agreement are hereby supplemented by the following:

The Department of ~~Business Oversight~~Financial Protection and Innovation requires that Franchisor defer the collection ~~of all~~the Development Fee and any other initial franchise fees ~~from California franchisees ("Fee Deferral Requirement")~~Developer is required to pay until Franchisor has completed all of its pre-opening obligations and Developer's first Spa is open for business~~. Therefore, as long as the Fee Deferral Requirement is in force, Developer will not be required to pay Franchisor the development fee or initial franchise fee described in Sections II.A. and II.B. of the Agreement until the first day Developer or its affiliate opens the first Spa for business and Franchisor has met its pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens~~.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of California, then immediately upon notice from Franchisor, Developer must pay accrued but unpaid portions of the ~~development fee~~Development Fee and all other initial franchise fees as required by this Agreement.

3. Each provision of this Amendment is effective only to the extent that the jurisdictional requirements of the Act, with respect to each such provision, are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Developer 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____

Name: _____
Title: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS

The Woodhouse SPAS, LLC Development Agreement between _____ ("Developer" or "You") and The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq.* ("**Act**"). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. Paragraphs 705/19 and 705/20 of the Act provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

   b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation, or action that would violate the Act, or a rule or order under the Act, will be void and are hereby deleted with respect to claims under the Act.

   c. In conformance with Section 4. of the Act, any provision in the Agreement that designates jurisdiction and venue in a forum outside of the state of Illinois is void; except that arbitration may take place outside of Illinois.

   d. If this Agreement requires that it be governed by a state's law, other than the state of Illinois, to the extent that such law conflicts with the Act (including judicial decisions interpreting the Act), Illinois law will govern.

2. Sections II. A. and II.B. of the Agreement are hereby supplemented by the following:

   Based on Franchisor's current financial conditions, the Illinois Attorney General's Office has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~development fee~~Development Fee and any other initial franchise fees Developer is required to pay ~~("Fee Deferral Requirement")~~ until Franchisor has completed all of its pre-opening obligations and Developer's first Spa is open for business. ~~Therefore, as long as the Fee Deferral Requirement is in force, Developer will not be required to pay Franchisor the development fee or initial franchise fee described in Sections II.A. and II.B. of the Agreement until the first day Developer or its affiliate opens the first Spa for business and Franchisor has met its pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens.~~

   If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Illinois, then immediately upon notice from Franchisor, Developer must pay accrued but unpaid portions of the ~~development fee~~Development Fee and all other initial franchise fees as required by this Agreement.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, 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 Developer 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF MARYLAND

The Woodhouse SPAS, LLC Development Agreement between _____ ("Developer" or "You") and The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. § 14-201 *et seq.* (2015 Repl. Vol.) (the "Law"). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Under certain circumstances (e.g., transfer and renewal), the Developer is required in this Agreement to execute a release of claims that would negate or remove from judicial review statements, misrepresentations or actions that may violate the Law, or a rule or order under the Law. Such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

b. The Developer is required in this Agreement to acknowledge facts that would negate or remove from judicial review statements, misrepresentations or actions that may violate the Law, or a rule or order under the Law. Such acknowledgment, including the acknowledgment in Section ~~XII~~XI.~~I~~H., shall be void with respect to claims under the Law.

c. Any requirement that litigation be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Developer may have under Section 14-216(c)(25) of the Law to bring suit in the State of Maryland.

d. Any claims that Developer may have under the Law must be brought within 3 years after the grant of the franchise

2. Sections II. A. and II.B. of the Agreement are hereby supplemented by the following:

Based on Franchisor's current financial condition, the State of Maryland, Office of the Attorney General, has imposed a financial assurance requirement that requires Franchisor to defer the collection of the Development Fee and any other initial franchise ~~fee and any other initial payments~~fees Developer is required to ~~make ("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Developer will not be required to pay Franchisor the development fee or initial franchise fee described in Sections II.A. and II.B. of the Agreement until or any other initial payments until the first day Developer or its affiliate opens the first Spa for business and~~pay until Franchisor has ~~met~~completed all of its pre-opening obligations~~, at which time, in addition to collecting all other deferred initial fees and payments, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees and payments on the same basis as each subsequent Spa opens~~ and Developer's first Spa is open for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Maryland, then immediately upon notice from Franchisor, Developer must pay accrued but

unpaid portions of the ~~development fee~~Development Fee and all other initial fees and payments as required by this Agreement.

3. Section XII.~~M~~L. is amended by the addition of the following as the last sentence of the paragraph:

However, this paragraph will not act to reduce the 3-year statute of limitations period afforded a franchisee under Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law ("Law") for claims arising under the Law."

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure 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 Developer 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
DEVELOPMENT AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Woodhouse SPAS, LLC Development Agreement between _____ ("Developer" or "You") The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota developers against liability to third parties resulting from claims by third parties that the developer's use of the franchisor's proprietary marks infringes trademark rights of the third party. Minn. Stat. Sec. 80C.12, Subd. 1(g).

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the development agreement, and that consent to transfer of a franchise will not be unreasonably withheld. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Developer 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 Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Developer as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Developer to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement and/or disclosure document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the Developer from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or disclosure document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement and/or disclosure document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement/and or disclosure document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Sections II. A. and II. B. of the Agreement are hereby supplemented by the following:

Based on Franchisor's current financial condition, the Minnesota Department of Commerce has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~initial franchise fee~~Development Fee and any other initial franchise fees Developer is required to pay ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Developer will not be required to pay Franchisor the development fee or initial franchise fee described in Sections II.A. and II.B. of the Agreement until the first day Developer or its affiliate opens the first Spa for business and~~until Franchisor has ~~met~~completed all of its pre-opening obligations~~, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens~~ and Developer's first Spa is open for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Minnesota, then immediately upon notice from Franchisor, Developer must pay accrued but unpaid portions of the ~~development fee~~Development Fee and all other initial fees as contemplated by this Agreement.

7. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

~~(Signature page is the next page.)~~

IN WITNESS WHEREOF, the Developer 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 on _____, 20__.

FRANCHISOR:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF NEW YORK

The Woodhouse SPAS, LLC Development Agreement between _____ ("Developer" or "You") The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If the Developer 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 General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

   b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Developer under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business 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.

(Signature page is the next page.)

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledge 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
DEVELOPMENT AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Woodhouse SPAS, LLC Development Agreement between _____ ("Franchisee" or "You") and Woodhouse Spas, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("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. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Developer 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 the law of a state, 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.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that the Developer consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.

i. Any provision that requires the Developer to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

j. Any provision that requires Developer to pay all costs and expenses incurred by the Franchisor in enforcing the Development Agreement may not be enforceable under North Dakota Law.

2. Sections II. A. and II.B. of the Agreement are hereby supplemented by the following:

Based on Franchisor's current financial condition, the North Dakota Securities Department has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~initial franchise fee~~Development Fee and any other initial franchise fees Developer is required to pay ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Developer will not be required to pay Franchisor the development fee or initial franchise fee described in Sections II.A. and II.B. of the Agreement until the first day Developer or its affiliate opens the first Spa for business and~~until Franchisor has ~~met~~completed all of its pre-opening obligations~~, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens~~ and Developer's first Spa is open for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of North Dakota, then immediately upon notice from Franchisor, Developer must pay accrued but unpaid portions of the ~~development fee~~Development Fee and all other initial fees as contemplated by this Agreement.

3. 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.

~~(Signature page is the next page.)~~

IN WITNESS WHEREOF, the Developer 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
DEVELOPMENT AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA

The Woodhouse SPAS, LLC Franchise Agreement between _____ ("Developer" or "You") The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

VIRGINIA LAW MODIFICATIONS

1. Sections II. A. and II. B. of the Agreement are hereby supplemented by the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising has imposed a financial assurance requirement that requires Franchisor to defer ~~payment~~the collection of the ~~initial franchise fee~~Development Fee and any other initial ~~payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement and/or~~ franchise ~~agreement ("Fee Deferral Requirement").~~

~~Therefore, as long as the Fee Deferral Requirement is in force,~~fees Developer ~~will not be~~is required to pay until Franchisor ~~the development fee or initial franchise fee described in Sections II.A. and II.B. of the Agreement or any other payments required hereunder until the first day~~has completed all of its pre-opening obligations and Developer ~~or its affiliate opens the~~'s first Spa is open for business ~~and Franchisor has met its pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees and payments on the same basis as each subsequent Spa opens~~.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Virginia, then immediately upon notice from Franchisor, Developer must pay accrued but unpaid portions of the ~~development fee~~Development Fee and all other initial fees and payments as contemplated by this Agreement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the State Corporation Commission under the Virginia Retail Franchising Act, 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.

~~(Signature page is the next page.)~~

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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

THE WOODHOUSE SPAS, LLC
WASHINGTON DEVELOPMENT AGREEMENT ADDENDUM

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Development Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Development Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

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 Development 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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

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 provisions contained in the Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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 Development Agreement or elsewhere are void and unenforceable in Washington.

Sections II.A. and II.B. of the Development Agreement are hereby supplemented by the following:

Based on Franchisor's current financial condition, the Washington Department of Financial Institutions has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~initial franchise fee~~Development Fee and any other initial franchise fees Developer is required to pay ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Developer will not be required to pay Franchisor the development fee or initial franchise fee described in Sections II.A. and II.B. of the Agreement until the first day Developer or its affiliate opens the first Spa for business and~~until Franchisor has ~~met~~completed all of its pre-opening obligations~~, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens~~ and Developer's first Spa is open for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Washington, then immediately upon notice from Franchisor, Developer must pay accrued but unpaid portions of the development fee and all other initial fees as contemplated by this Agreement.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20____.

FRANCHISOR:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:

_____

By: _____
Name: _____
Title: _____

EXHIBIT C

FRANCHISE AGREEMENT
(INCLUDING STATE-SPECIFIC AMENDMENTS)

THE WOODHOUSE SPAS, LLC

FRANCHISE AGREEMENT

THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT

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ATTACHMENTS

Attachment A Principals' Guaranty and Assumption Agreement
Attachment B Confidentiality Agreement and Ancillary Covenants Not To Compete
Attachment C Selected Terms: Location, Protected Area, and Opening Date
Attachment D Statement of Ownership Interests and Franchisee's Principals
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ADDENDA

Site Selection and Acquisition Addendum
State-Specific Amendments ~~T~~oto Franchise Agreement

THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this ___ day of _____, 20__, by and between The Woodhouse SPAS, LLC, a Texas limited liability company ("Franchisor"), and _____ ("Franchisee") and shall be effective as of the date on which Franchisor executes this Agreement ("Effective Date"). Certain initially capitalized terms used frequently in this Agreement are defined in Section XXI.

RECITALS:

Franchisor has the right to use and license the use of a system (the "System") for the establishment and operation of day spa businesses under the Marks (defined below) ("Woodhouse Day Spas" or "Spas").

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, policies and procedures for operations; quality and uniformity of the products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which may be changed, deleted, improved, and further developed by Franchisor from time to time.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Woodhouse Day Spa" and such other trade names, service marks, trademarks, logos, emblems and indicia of origin as are now designated, and may hereafter be designated by Franchisor in writing, for use in connection with the System (the "Marks").

~~Franchisor may appoint one or more individuals or entities who meet Franchisor's standards and qualifications as regional developers (each, a "Regional Developer") to operate within defined geographic territories in the United States and delegate to such Regional Developer(s) certain of Franchisor's obligations to provide services to its franchisees.~~

Franchisee wishes to obtain the right to use the System for the operation of a Woodhouse Day Spa at the location specified in Attachment C to this Agreement (the "Location"), as well as to receive the training and other assistance provided by Franchisor, and acknowledges the importance of operating the Woodhouse Day Spa in conformity with Franchisor's high standards of quality and service.

Franchisor wishes to grant Franchisee a franchise for the operation of a Woodhouse Day Spa upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

I. GRANT

A. Grant of Rights. Franchisor hereby grants Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to establish and operate a Woodhouse Day Spa under the Marks and the System in accordance with this Agreement at the Location. This Agreement only grants Franchisee the right and license to operate the Woodhouse Day Spa at the Location.

B. Protected Area. Upon Franchisee's acquisition of the site for the Woodhouse Day Spa, Franchisee's Protected Area will be described in Attachment C. Except as provided in this Agreement (including Section I.C. hereof), and subject to Franchisee's full compliance with this Agreement and any other agreement between Franchisee or its Affiliates and Franchisor or its Affiliates, neither Franchisor nor any Affiliate of Franchisor will establish, or authorize any person or entity other than Franchisee to establish, a Woodhouse Day Spa in the Protected Area during the term of this Agreement.

C. Reserved Rights. The rights granted to Franchisee under this Agreement are nonexclusive, and Franchisor and its Affiliates have and retain all rights within and outside the Protected Area except those expressly granted to Franchisee. Accordingly, Franchisor, its Affiliates, and any other authorized person or entity shall have the right, among others, (i) to develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to Franchisee, (ii) to advertise and promote the System in the Protected Area, (iii) to operate, and license others to operate, Woodhouse Day Spas at any location outside the Protected Area ~~and in any Reserved Area~~, including locations that are adjacent to the Protected Area and notwithstanding the proximity of such Woodhouse Day Spas to the Protected Area or their actual or threatened impact on sales at the Spa, and (iv) except for the restriction set forth in Section I.B. against the establishment of another Woodhouse Day Spa in the Protected Area, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all services and products, under the Marks, or under other names or marks, within and outside the Protected Area, through any method of distribution, including, but not limited to, mail order catalogs or the Internet, regardless of the proximity to, or the competitive impact on, Franchisee's Woodhouse Day Spa.

II. LOCATION, CONSTRUCTION AND OPENING DATE

A. Location; Relocation. Franchisee has been granted the right to operate a Woodhouse Day Spa at the Location listed in Attachment C to this Agreement. Franchisee shall not relocate the Woodhouse Day Spa without Franchisor's express prior written consent. If Franchisee is unable to continue the operation of the Woodhouse Day Spa at the Location because of the occurrence of an event of Force Majeure (or for other reasons not constituting an event of default under this Agreement), Franchisee may request Franchisor's consent to relocate the Spa to another location in the Protected Area. Such request must be made within 10 days following Franchisee's discovery that it is unable to continue to operate. If Franchisor grants Franchisee the right to relocate the Spa, then Franchisee shall comply with such reasonable site selection and construction procedures as Franchisor may require.

B. Licenses; Permits. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the premises of the Woodhouse Day Spa. Before beginning construction of the Spa, Franchisee shall (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Woodhouse Day Spa, and (ii) certify in writing to Franchisor that they have been obtained and that the insurance coverage specified in Section XII. of this Agreement is in full force and effect. At Franchisor's request, Franchisee shall provide to Franchisor copies of all such approvals, clearances, permits, licenses and certifications.

C. Construction and Finish-Out. Franchisee shall obtain all architectural, engineering, design, construction, and other services Franchisor requires for the construction of the Woodhouse Day Spa and pay all related fees. All architectural, general contractor, and construction management services must be obtained from a supplier approved by Franchisor, which may be Franchisor, and Franchisee shall provide to Franchisor upon request a copy of the construction contract for the Spa and the final architectural plans after they have been approved as set forth in Section II.C(1) below.

(1) Within fifteen (15) days after Franchisee ~~acquires~~purchases or signs a lease agreement to lease the Location, Franchisee shall engage an architect approved by Franchisor and shall use the draftsman Franchisor requires, which may be Franchisor, to adapt Franchisor's prototypical architectural and design plans and specifications for a Woodhouse Day Spa for the construction of the Spa licensed under this Agreement. Franchisor will use commercially reasonable efforts to either approve or reject the plans within thirty (30) days after Franchisor receives preliminary modifications to the plans. Franchisee may not use any plans until Franchisor has approved them in writing, and Franchisor's silence with respect to approval or rejection of the plans shall not be deemed to be approval of the plans. Franchisor

maintains the right to reject, in its sole discretion, all requests for plan modifications. Franchisee shall provide written notice to Franchisor and shall obtain Franchisor's prior written approval of any proposed changes to the final plans previously approved by Franchisor. Franchisee acknowledges that Franchisor's review of such plans is only for purposes of determining compliance with System standards, and that acceptance of such plans by Franchisor does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor that such plans are accurate or free of error concerning their structural application. Franchisor shall not be responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor shall Franchisor be responsible for any errors, omissions, or discrepancies of any nature in the plans.

(2) Franchisee shall promptly commence and diligently pursue construction of the Spa. Commencement of construction is defined as the time at which any site work is initiated. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises, depending on whether the Spa is to be located in a freestanding building or contained within a shopping mall, strip center or other interior location. During construction, Franchisee shall provide Franchisor with such periodic progress reports as Franchisor may reasonably request. In addition, Franchisor shall make such on-site inspections as it may deem reasonably necessary to evaluate such progress. Franchisee agrees that Franchisor shall have right to consult or work directly with the contractors engaged by Franchisee to construct and/or finish out the Spa. Franchisee shall notify Franchisor of the scheduled date for completion of construction no later than forty-five (45) days prior to such date. Within a reasonable time after the date construction is completed, Franchisor shall, at its option, conduct an inspection of the completed Spa. Franchisee shall not open the Spa for business without the written authorization of Franchisor, which authorization shall be conditioned upon Franchisee's strict compliance with this Agreement.

D. Opening Date. Franchisee shall open the Spa and commence business within ~~three~~four hundred ~~sixty~~and forty five (~~365~~445) days after the execution of this Agreement, unless Franchisee obtains a written extension of such time period from Franchisor. Franchisee acknowledges that time is of the essence. The Opening Date shall be entered in Attachment C. Before the Opening Date, Franchisee shall complete all exterior and interior preparations for the Spa, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications approved by Franchisor, and shall comply with all other pre-opening obligations of Franchisee, including, but not limited to, those obligations described in Section VI. of this Agreement. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening. Franchisee's failure to open the Spa in compliance with these provisions shall be deemed a material event of default under this Agreement.

III. TERM AND RENEWAL

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement will begin on the Effective Date and will continue until the ~~earlier~~end of ~~(i) ten~~the tenth (10th) ~~years~~anniversary from the Opening Date~~, or (ii), absent Franchisor's permission to relocate, the expiration or termination of Franchisee's right to possess the premises of the Spa~~.

B. Renewal. Franchisee may, at its option, renew its rights under this Agreement for one (1) additional consecutive term of ten (10) years, subject to any or all of the following conditions which must, at Franchisor's option, be met prior to and at the time of renewal:

(1) Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term;

(2) Franchisee shall refurbish, repair or replace, at Franchisee's cost and expense, all equipment, electronic cash register systems, computer systems, signs, interior and exterior decor items,

fixtures, furnishings, supplies and other products and materials required for the operation of the Spa as Franchisor may reasonably require and shall otherwise upgrade the Spa to reflect the then-current standards and image of the System;

(3) Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto; neither Franchisee nor its Affiliates shall be in default of any other agreement with Franchisor or any of its Affiliates; and Franchisee and its Affiliates shall have substantially and timely complied with the terms and conditions of such agreements during the respective terms thereof;

(4) Franchisee shall have timely satisfied all monetary obligations owed to Franchisor and its Affiliates under this Agreement and any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates;

(5) Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the premises of the Spa during the renewal term or obtain Franchisor's consent to a new site for the Spa;

(6) Franchisee shall execute Franchisor's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher royalty fee and advertising contribution or expenditure requirement;

(7) Franchisee shall pay to Franchisor a renewal fee ~~equal to fifty percent (50%) of the then-current initial franchise fee~~in the amount of Twelve Thousand Seven Hundred and Fifty Dollars ($12,750).

(8) Franchisee and its Principals shall execute a general release of any and all claims against Franchisor, its Affiliates~~, Regional Developers~~, and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders; and

(9) Franchisee shall comply with Franchisor's then-current qualification and training requirements.

IV. FEES

A. Initial Franchise Fee. Franchisee shall pay Franchisor an initial franchise fee of ~~Forty-Eight~~Fifty-Five Thousand Dollars ($~~48,000), less any Development Fee Credit (if applicable),~~55,000) upon the execution of this Agreement~~. The initial franchise fee~~ ("Initial Franchise Fee"). If this Agreement is for the first Spa under a development agreement with Franchisor, Franchisee must also pay the development fee set forth in the development agreement to be executed concurrently herewith. If this Agreement is for the second Spa under a development agreement with Franchisor, then notwithstanding the foregoing and expressly subject to such development agreement, no Initial Franchisee Fee will be due under this Agreement. The Initial Franchise Fee shall be deemed fully earned and nonrefundable upon execution of this Agreement.

B. Royalty Fee. During the term of this Agreement, Franchisee shall pay to Franchisor a continuing weekly royalty fee in an amount equal to six percent (6%) of the Spa's Gross Sales for the immediately preceding week. The royalty fee shall be paid by Franchisee to Franchisor via electronic funds transfer, or any other means reasonably specified by Franchisor, and shall be due each Tuesday during the term of this Agreement, provided such day is a Business Day. If the date on which a royalty payment would otherwise be due is not a Business Day, then payment shall be due on the next Business Day. For purposes of this Section IV.B., the Spa's first week of operation shall begin on the Opening Date and shall end on the following Sunday, and each subsequent week shall begin on Monday and conclude on the following

Sunday. On or before each Monday during the term of this Agreement, Franchisee shall provide a Gross Sales Report to Franchisor.

C. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by Franchisor on or before the due date shall be deemed overdue. Time is of the essence for all payments to be made by Franchisee to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of eighteen (18%) percent per annum, or the maximum rate allowed by applicable law. Further, Franchisee shall owe an additional amount of $100 for each day that any overdue payment remains unpaid. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment.

(2) Acceptance by Franchisor of any payments due subsequent to the due date shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or the Principals of any terms, provisions, covenants or conditions of this Agreement.

(3) Franchisor shall have the right to apply any payment it receives from Franchisee to any amounts Franchisee owes Franchisor or its Affiliates under this Agreement or any other agreement between them, even if Franchisee has designated the payment for another purpose or account. Franchisor may accept any check or payment in any amount from Franchisee without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) Franchisee shall have no right to withhold any payments due Franchisor on account of Franchisor's breach or alleged breach of this Agreement, and no right to offset any amount due Franchisor against any obligation that Franchisor may owe to Franchisee.

D. Other Fees and Payments. In addition to the initial franchise fee and weekly royalty, Franchisee shall pay when due all other fees or amounts described in this Agreement.

E. Electronic Funds Transfer. At Franchisor's request, Franchisee shall execute Attachment E to this Agreement and all other documents necessary to permit Franchisor to withdraw funds from Franchisee's designated bank account by electronic funds transfer ("EFT") in the amount of the royalty fee in Section IV.B. and the advertising contribution described in Section VIII.B., at the time such amounts become due and payable under the terms of this Agreement. Any fee calculated by reference to Gross Sales shall be based on the information obtained by Franchisor pursuant to Section VII.G. of this Agreement or the Gross Sales Report. If the Gross Sales Report has not been received within the time period required by this Agreement, then Franchisor may process an EFT for the subject week based on the most recent Gross Sales Report provided to Franchisor by Franchisee; provided, that if a Gross Sales Report for the subject week is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations. Should any EFT not be honored by Franchisee's bank for any reason, Franchisee agrees that it shall be responsible for that payment and any service charge. If any payments are not received when due, interest may be charged in accordance with Section IV.C. Upon written notice to Franchisee, Franchisor may designate another method of payment.

V. FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide, or cause the following services to be provided:

A. Manuals. On loan, one (1) set of the Manuals.

B. Software Programs. For a reasonable fee, any Software Programs that Franchisor acquires, develops, or requires for use in the System; provided, that Franchisor is under no obligation to acquire, develop, or require such Software Programs.

C. Inspections. Inspections of the Spa and evaluations of the products sold and services rendered therein from time to time as reasonably determined by Franchisor.

D. Advertising. Administration of an advertising fund and/or advertising cooperatives in accordance with Section VIII., as well as the provision of certain grand opening materials and other advertising and promotional materials developed by Franchisor from time to time for use in marketing and conducting local advertising for System Spas.

E. Operational Advice. Advice and written materials concerning techniques for managing and operating Woodhouse Day Spas, including new developments and improvements in System equipment and System products.

F. Collateral Merchandise. From time to time, in Franchisor's discretion, Franchisor~~'s discretion and at a reasonable cost,~~ may make available for purchase from Franchisor or an approved supplier certain merchandise identifying the System for resale, such as caps, t-shirts and other System memorabilia, in sufficient amounts to meet customer demand.

G. Approved Suppliers. From time to time as Franchisor deems appropriate a list of approved suppliers.

H. Training. An initial training program for Franchisee's Operating Principal, and General Manager~~ and Spa Coordinator~~, and additional training programs in accordance with Section VI.G.

I. Opening Assistance. Franchisor provides two (2) on-site visits in connection with the opening of Franchisee's Spa as part of the initial franchise fee. If Franchisee requests additional pre-opening and opening assistance, or Franchisor otherwise deems such additional assistance appropriate, Franchisor may charge a reasonable fee for its services, in addition to requiring Franchisee to pay or reimburse Franchisor for any expenses incurred by Franchisor's representatives.

J. Remedial Training. Upon Franchisee's reasonable request or if Franchisor shall determine it to be necessary during the term of this Agreement, on-site remedial training; provided, that remedial training shall be conducted subject to the availability of Franchisor's personnel, and provided further, that Franchisor may require Franchisee to pay the per diem fee then being charged for on-site remedial training, and pay or reimburse Franchisor for the expenses incurred by its representatives, including the costs of travel, lodging, meals, and wages.

VI. FRANCHISEE'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND

COVENANTS

A. Continuing Obligations. Franchisee and its Principals make the following representations, warranties and covenants and accept the following obligations. Such representations, warranties and covenants are continuing obligations, and Franchisee and its Principals acknowledge and agree that any failure to comply with them shall constitute a material event of default under this Agreement. Franchisee will cooperate with Franchisor to verify compliance with the following representations, warranties and covenants.

B. Organization. If Franchisee is a corporation, partnership, limited liability company or other legal entity:

(1) Franchisee is duly organized and validly existing under the law of the state of its formation;

(2) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(3) Franchisee's corporate charter or written partnership or limited liability company agreement shall at all times provide that the activities of Franchisee are confined exclusively to the operation of Woodhouse Day Spas;

(4) The execution of this Agreement and the performance of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership or a limited liability company, are permitted under Franchisee's written partnership or limited liability company agreement and have been duly authorized by Franchisee; and

(5) If Franchisee is a corporation, copies of Franchisee's articles of incorporation, bylaws, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by Franchisor shall have been furnished to Franchisor prior to the execution of this Agreement; or, if Franchisee is a partnership or limited liability company, copies of Franchisee's written partnership or limited liability company agreement, other governing documents and any amendments thereto shall have been furnished to Franchisor prior to the execution of this Agreement, including evidence of consent or approval of the execution and performance of this Agreement by the requisite number or percentage of partners or members, as applicable, if such approval or consent is required by Franchisee's written partnership or limited liability company agreement.

C. Ownership.

(1) If Franchisee is a corporation, partnership, limited liability company or other legal entity, the ownership interests in Franchisee are accurately and completely described in Attachment D. If Franchisee is a corporation, Franchisee shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Franchisee or, if Franchisee is a partnership, limited liability company or other form of legal entity, Franchisee shall maintain at all times a current list of all owners of an interest in the partnership, limited liability company or other entity. Franchisee shall make its list of owners available to Franchisor upon request.

(2) If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement. If Franchisee is a partnership or limited liability company, its written partnership or limited liability company agreement shall

provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) If required by Franchisor, Franchisee's Principals who do not sign the Principals' Guaranty and Assumption Agreement attached as Attachment A shall each execute the Confidentiality Agreement and Ancillary Covenants Not to Compete in the form of Attachment B to this Agreement.

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Franchisee's Principals or if any individual succeeds to or otherwise comes to occupy a position which, upon designation by Franchisor, would qualify him as one of Franchisee's Principals, Franchisee shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Franchisee's Principals such person shall execute all documents and instruments (including, as applicable, the Principals' Guaranty and Assumption Agreement) as Franchisor may require others in such positions to execute.

D. Financial Matters.

(1) Franchisee and, at Franchisor's request, each of the Principals have provided Franchisor with the most recent financial statements of Franchisee and such Principals. Such financial statements present fairly the financial position of Franchisee and each of the Principals, as applicable, at the dates indicated therein and, with respect to Franchisee, the results of its operations and its cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent, or otherwise, which are not reflected as liabilities on the financial statements.

(2) The Principals that Franchisor designates, including, if Franchisee is an individual, Franchisee's spouse, shall jointly and severally guarantee the performance of Franchisee's obligations under this Agreement pursuant to the terms and conditions of the Principals' Guaranty and Assumption Agreement attached hereto as Attachment A, and shall otherwise bind themselves to the terms of this Agreement as stated herein.

(3) Franchisee shall provide Franchisor with any and all loan or other documents regarding the financing of its Spa that Franchisor may request.

(4) Franchisee shall maintain at all times during the term of this Agreement sufficient working capital to fulfill its obligations under this Agreement.

E. Operating Principal; General Manager. Upon the execution of this Agreement, Franchisee shall designate, and shall retain at all times during the term of this Agreement, an individual to serve as Franchisee's Operating Principal. If Franchisee is an individual, Franchisee shall perform all obligations of the Operating Principal.

(1) The Operating Principal shall maintain a direct or indirect ownership interest of not less than ~~seventy~~twenty-five percent (~~75~~25%) in Franchisee. Except as may otherwise be provided in this Agreement, the Operating Principal's interest in Franchisee shall be and remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options. The Operating Principal for all Woodhouse Day Spas operated by Franchisee and, if applicable, its Affiliates must be the same person, and the Operating Principal under this Agreement and any Development Agreement pursuant to which this Agreement is executed must be the same person. The Operating Principal shall execute this Agreement as a Principal, and shall be individually, jointly and severally, bound by all obligations of Franchisee, the Operating Principal and a Principal hereunder.

(2) Notwithstanding Section VI.E.(1), Franchisee may, at its option and subject to Franchisor's written consent, designate a General Manager to supervise the operation of Franchisee's Woodhouse Day Spa; provided, that Franchisee and its Operating Principal shall remain fully responsible for General Manager's performance. The General Manager for all Woodhouse Day Spas operated by Franchisee and, if applicable, its Affiliates must be the same person, and the General Manager under this Agreement and any Development Agreement pursuant to which this Agreement is executed must be the same person. The General Manager shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete attached as Attachment B to this Agreement.

(3) Unless a General Manager is designated pursuant to Section VI.E.(2), Franchisee's Operating Principal shall devote full time and best efforts to the supervision of the Woodhouse Day Spa(s) operated by Franchisee and, without Franchisor's written consent, shall not engage in any other business. The foregoing provision shall not apply if a General Manager is designated, provided, the General Manager shall devote his or her full time and best efforts to the supervision and operation of the Woodhouse Day Spa business conducted by Franchisee.

(4) The Operating Principal and any General Manager shall meet Franchisor's qualifications, as set forth in this Agreement, the Manuals, or otherwise in writing and, without limitation, shall be empowered with full authority to act for and on behalf of Franchisee.

Franchisee must promptly notify Franchisor if the Operating Principal cannot continue to serve in that capacity or no longer qualifies as such, and must take corrective action within thirty (30) days thereafter. During such thirty (30) day period, Franchisee must provide for interim management of its operations in accordance with this Agreement. Any failure to comply with this Section VI.E. will be a material breach of this Agreement.

~~F. Spa Coordinator and~~ F. Other Required Personnel.

~~(1) Not later than forty-five (45) days before the Opening Date, Franchisee shall designate, and shall retain at all times during the term of this Agreement at least one (1) Spa Coordinator. The Spa Coordinator shall (i) meet Franchisor's qualifications, as set forth in this Agreement, the Manuals, or otherwise in writing; and (ii) devote full time and best efforts to the coordination of day-to-day operations of the Spa and shall not engage in any other business activity without Franchisor's prior written consent.~~

~~(2)~~ Not later than forty-five (45) days before the Opening Date, Franchisee shall designate, and shall retain at all times during the term of this Agreement the following personnel: at least one (1) registered massage therapist; at least one (1) licensed esthetician; and at least one (1) licensed nail technician. The massage therapist, esthetician, and nail technician shall at all times maintain all licenses and/or registrations required under applicable laws or regulations. Franchisee will be solely responsible for all employment and personnel matters and decision involving the Spa and Franchisee's business, including but not limited to the hiring, firing, discipline, supervision, direction, scheduling, and compensation of Franchisee's employees. Franchisor will not, directly or indirectly, exercise or reserve control over employment and personnel matters and decisions involving Franchisee's employees.

~~G.~~ G. Training. Franchisee's Operating Principal~~,~~ and General Manager ~~and Spa Coordinator~~ shall successfully complete Franchisor's ~~management~~initial training program prior to the Opening Date. Any successor or replacement Operating Principal~~,~~ or General Manager ~~or Spa Coordinator~~ shall successfully complete Franchisor's ~~management~~initial training program within a reasonable time after such persons are designated. Such persons, and any other management-level personnel of Franchisee whom Franchisor may designate, shall attend and complete any additional training and other informational and franchisee meetings, conventions, or conferences that Franchisor may from time to time require. Training and other meetings shall be conducted at locations designated by Franchisor.

(1) ~~Initial management~~Franchisee will be charged an initial training fee in the amount of $5,000 for Franchisee's Operating Principal~~,~~ and General Manager ~~and Spa Coordinator is provided at no additional charge; however,~~to attend Franchisor's initial training program. Franchisor reserves the right to charge a reasonable fee for training successor or replacement personnel and for any additional training programs. Franchisee shall be responsible for any and all expenses incurred in connection with any initial or additional training, including, without limitation, the costs of travel, lodging, meals and wages incurred by Franchisee, its Operating Principal~~,~~ and General Manager, ~~or Spa Coordinator,~~ and may be charged a fee for failure to attend any required franchisee meetings, conventions, or conferences.

(2) If any Operating Principal, or General Manager ~~or Spa Coordinator~~ fails, in Franchisor's sole judgment, to satisfactorily complete Franchisor's ~~management~~initial training program, and Franchisee fails to cure such default within ninety (90) days following written notice from Franchisor, Franchisor may terminate this Agreement.

(3) Franchisor reserves the right to hold and require Franchisee to attend an annual franchisee convention to discuss on-going changes in the industry, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, and advertising programs. Franchisor may charge a fee up to $1,000 per person to attend this annual convention. If a fee is charged for such mandatory convention, Franchisee will be required to pay the conference fee, regardless of attendance; provided, the fee will not exceed $1,000 if no person attends on behalf of Franchisee. Franchisee must pay all personal travel and living expenses for all of its personnel attending the annual convention.

~~H.~~ H. Legal Compliance. In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement.

~~I.~~ I. Powers of Attorney. Franchisee hereby appoints Franchisor its true and lawful attorney-in-fact, with full power and authority to (i) assign to Franchisor upon the termination or expiration of this Agreement (a) all rights to the telephone numbers of the Spa, any related business listings, and all rights to any Website listings or services, search engines or systems, and any other business listings related to the Spa and (b) at Franchisor's option, Franchisee's interest in any lease for the premises of the Spa and any equipment used in the operation of the Spa; and (ii) obtain any and all returns and reports related to the Spa that Franchisee files with any local, state or federal taxing authority. Such powers of attorney shall survive the expiration or termination of this Agreement and Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact with full power and authority for the foregoing purposes.

~~J.~~ J. No Competing Interests. Franchisee warrants and represents that neither Franchisee nor any of its Affiliates or Principals own, operate or have any financial or beneficial interest in any business that is the same as or similar to a Woodhouse Day Spa (including, without limitation, a spa business or a business which offers massages, facials, nail treatments, or other spa treatments).

~~K.~~ K. Anti-Terrorism Laws. Without limiting the generality of Section VI.G., Franchisee certifies that neither Franchisee nor its owners, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at http://www.ustreas.gov/offices/enforcement/ofac/.) Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined

below). In connection with such compliance, Franchise certifies, represents, and warrants that none of its property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section XV. of this Agreement pertain to Franchisee's obligations under this Section VI.K. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's Affiliates in accordance with the terms of Sections XVII.C.(11) and XVIII. of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

VII. SPA OPERATIONS

A. Standards Compliance. Franchisee acknowledges and agrees that maintaining uniformity among all Woodhouse Day Spas is important. Franchisee further acknowledges and agrees that local conditions or other special circumstances may warrant a deviation from Franchisor's standards and specification, and Franchisor may, in its sole discretion, allow such deviation. Notwithstanding the foregoing, to protect the reputation and goodwill of Franchisor and to maintain the high standards of operation under the Marks, Franchisee shall conduct its business in accordance with the Manuals, other written directives which Franchisor may issue to Franchisee from time to time, and any other manuals and materials created or approved for use in the operation of Woodhouse Day Spas. Upon notice by Franchisor that Franchisee is in violation of any of the standards, specifications, or procedures prescribed by Franchisor, Franchisor may, at Franchisor's option, charge Franchisee a non-compliance fee of $50 for each day that Franchisee remains in such violation following such notice until such violation is cured.

B. Maintenance of Woodhouse Day Spa. Franchisee shall maintain the Woodhouse Day Spa in a high degree of sanitation and repair, and shall make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of signs, furnishings, décor, and equipment (including, but not limited to, point of sale or computer systems) as Franchisor may reasonably direct. Franchisee also shall obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials which Franchisor may reasonably require for Franchisee to offer and sell new services or products from the Woodhouse Day Spa or to provide such services or products by alternative means. Except as may be expressly provided in the Manuals, no alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Spa without Franchisor's prior written approval.

C. Upgrade of Spa. Upon Franchisor's request, Franchisee shall make such improvements to the Spa to conform it to Franchisor's then-current standards and specifications. Without limitation of the foregoing, Franchisee agrees that it will make any capital improvements required by this Section VII.C. if requested by Franchisor on or after the fifth (5th) anniversary of the Opening Date, or at such other time during the term of this Agreement that a majority of the Woodhouse Day Spas then operated by Franchisor or its Affiliates have made or are utilizing best efforts to make such improvements. Franchisee may not remodel or make significant modifications to the Spa without Franchisor's prior written approval.

D. Sourcing. Franchisee shall comply with all of Franchisor's standards and specifications relating to the purchase of supplies, materials, fixtures, furnishings, equipment (including computer hardware and software), services, and other merchandise or products used or offered for sale at the Spa. Franchisee must purchase ~~a Spa Kit from Franchisor for~~ certain furnishings, fixtures, merchandising items, operating equipment, decor items, private label inventory, and printed pieces~~. Franchisee shall pay~~ from Franchisor ~~a Spa Kit fee in the amount of $36,000 upon the execution of this Agreement. The Spa Kit fee shall be deemed fully earned and nonrefundable upon execution of this Agreement. Without limiting the foregoing, Franchisee shall use only the real estate brokerage firm(s) that Franchisor has~~'s approved ~~in connection with the selection and acquisition of the premises for the Spa~~suppliers. If Franchisor has approved suppliers for any such item or service (including manufacturers, distributors, and other sources), Franchisee must obtain these items from those suppliers. Franchisor's approved suppliers are those who continue to demonstrate the ability to meet Franchisor's then--current standards and specifications supplies, materials, fixtures, furnishings, equipment, services and other products used or offered for sale at Woodhouse Day Spas and who possess adequate quality controls and capacity to supply Franchisee's needs and distribute promptly and reliably over an extended period of time; and who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier and who have not thereafter been disapproved by Franchisor. Franchisee acknowledges and agrees that (a) Franchisor may change the number of approved suppliers at any time and may designate itself, an Affiliate, or a third party as the exclusive source for any particular item; and (b) Franchisor may profit from Franchisee's purchases from approved suppliers, and Franchisor and/or its Affiliates may receive payments, fees, commissions or reimbursements from such suppliers in respect of Franchisee's purchases. If Franchisee desires to purchase, lease or use any products, services, or other items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. 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, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge, not to exceed the cost of the inspection and of the test (including Franchisor's administrative costs attributable to both), shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re--inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then--current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisee's failure to comply with the provisions of this Section VII.D. shall be deemed a material breach under this Agreement.

E. Operational Requirements. Franchisee shall operate the Spa in strict conformity with Franchisor's methods, standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, Franchisee agrees:

(1) To sell or offer for sale all products and services required by Franchisor (including, without limitation, the brand(s) of body and bath products that Franchisor requires and all spa treatments that Franchisor requires).

(2) To sell and offer for sale only the products and services that have been expressly approved for sale in writing by Franchisor; to discontinue selling and offering for sale any products or services which Franchisor may, in its sole discretion, disapprove in writing at any time; and to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent. Franchisor has the absolute right to remove all unapproved products, goods and materials from Franchisee's Spa.

(3) To maintain in sufficient supply and to use and sell at all times only such products, materials, and supplies that conform to Franchisor's standards and specifications; to conduct all spa treatments in accordance with Franchisor's procedures contained in the Manuals or other written directives,

including, but not limited to, using the brand and/or type of spa products required by Franchisor and to refrain from deviating from Franchisor's standards and specifications by the use or offer of non-conforming products or services, without Franchisor's prior written consent.

(4) To permit Franchisor or its agents, at any reasonable time, to remove samples of spa products from the Spa, without payment, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the product has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's specifications.

(5) To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment (including computer systems), decor items, signs, and related items that Franchisor may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Spa premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, decor items, signs or other items not previously approved as meeting Franchisor's standards and specifications, as set forth in the Manuals.

(6) That products, equipment, and technology are constantly changing, whether updated, improved, replaced, or discontinued. Consequently, such changes sometimes create transition and incompatibility challenges. By entering into this Agreement, Franchisee acknowledges the potential of such occurrences and assumes all risk associated therewith, which Franchisee acknowledges may affect its ability to order, receive, or sell products and/or offer services for a period of time and further acknowledges that Franchisor is not responsible for any damages caused by such issues or occurrences, including lost sales or profits.

(7) To grant Franchisor and its agents the right to enter the Spa at any time for the purpose of conducting inspections; to cooperate with Franchisor's representatives 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, to take such steps as may be necessary to correct promptly any deficiencies detected during an inspection for the purpose of protecting System standards. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time, as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge Franchisee a reasonable fee for Franchisor's expenses in so taking the corrective action (including, without limitation, any necessary reinspection). Any such fee is payable by Franchisee immediately upon demand.

(8) To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with any dress code Franchisor may prescribe.

(9) To have on duty at the Spa during all hours of operation the Operating Principal or General Manager ~~or at least one (1) Spa Coordinator~~.

F. Pricing. Franchisor reserves the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices that Franchisee may charge for products or services.

G. Computer Systems.

(1) Franchisee shall install and maintain the computer hardware, software (including, without limitation, point of sale software), and peripheral equipment Franchisor requires for the operation of the Spa and pay all related fees and shall follow the procedures related thereto that Franchisor specifies in the Manuals or otherwise in writing. Among other things, Franchisor may require that Franchisee install

and maintain systems that permit Franchisor to access and retrieve electronically any information stored in Franchisee's computer systems, including, without limitation, information concerning Spa Gross Sales, at the times and in the manner that Franchisor may specify from time to time. Franchisor also may require Franchisee to enter into software license agreements in the form that Franchisor or third parties require for software Franchisor develops or acquires for use in the System and pay all related costs and fees and may require Franchisee to pay technology management, set-up, support, and/or maintenance fees, which may change from time to time. All information contained in and collected by any such computer program (including, but not limited to, information pertaining to customers of the Spa) shall be the sole and exclusive property of Franchisor.

(2) Franchisee acknowledges and agrees that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and the System. Accordingly, Franchisee agrees that it will cause its Woodhouse Day Spa business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards (PCI DSS) council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act (FACTA) and all other successor or additional laws, and all other data security requirements Franchisor prescribes. Franchisee is solely responsible for educating itself as to these regulations and standards and for achieving and maintaining applicable compliance certifications

H. Internet Website. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the bit speed required by Franchisor from time to time. Franchisee shall not establish any Website or other listing on the Internet except as provided herein.

(1) Franchisor has established, or may establish, an Internet Website that provides information about the System and the products and services offered by Woodhouse Day Spas. Franchisor has sole discretion and control over the Website (including timing, design, contents, and continuation). Franchisor may use part of the Advertising Fund monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance, and update of the Website~~, but Franchisee must pay Franchisor its then-current initial Website development and set-up fee upon execution of this Agreement~~.

(2) Franchisor may (but is not required to) include at the Website an interior page containing information about Franchisee's Woodhouse Day Spa ("Franchisee's Webpage"). If Franchisor includes such information on the Website, Franchisor may require Franchisee to prepare (or pay Franchisor or a third party to prepare) all or a portion of Franchisee's Webpage, at Franchisee's expense, using a template that Franchisor provides. Any information, material, visual media uploaded by Franchisee to the Website shall become property of Franchisor, and Franchisor may use it for any lawful purpose. All such information will be subject to Franchisor's approval prior to posting. Franchisee may offer and sell Spa products and services which Franchisor has approved in writing only through Franchisee's Webpage solely in accordance with standards, protocols and restrictions that Franchisor includes in the Manual. Franchisee shall cease offering or selling Spa products and services through Franchisee's Webpage, or otherwise through the Internet, immediately upon written notice from Franchisor, which notice Franchisor may provide at any time and for any or no reason. Franchisee's failure to comply with Franchisor's standards, protocols and restrictions related to offering and selling Spa products and services through Franchisee's Webpage shall be an event of default for which Franchisor may terminate under Section XVII.D(7).

(3) Franchisor also shall have the sole right (but no obligation) to develop an Intranet through which Franchisor and its franchisees can communicate by e-mail or similar electronic means. If Franchisor develops such an Intranet, 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).

I. Customer Complaints.

(1) Franchisee shall process and handle all consumer complaints connected with or relating to the Spa, and shall promptly notify Franchisor of all: (i) safety or health violations, (ii) claims exceeding One Thousand Dollars ($1,000), and (iii) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain any communications with governmental authorities affecting the Spa during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof.

(2) Upon the occurrence of a Crisis Management Event, Franchisee agrees to immediately inform Franchisor of such event and to cooperate fully with Franchisor and with the appropriate authorities with respect to the investigation of the Crisis Management Event. At Franchisor's request, following a Crisis Management Event, Franchisee will engage at Franchisee's expense, the PR Firm approved by Franchisor for assistance during and following the end of the event. In an effort to mitigate possible damages to the Marks and the System, Franchisee must cooperate fully with Franchisor with respect to managing statements and other responses to the Crisis Management Event. "Crisis Management Event" means any event that occurs at or about the Spa premises or in connection with the operation of the Spa that has or may cause harm or injury to customers or employees, such as food, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

VIII. ADVERTISING AND RELATED FEES

A. Promotional Programs.

(1) Franchisee shall participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that Franchisor implements for all or part of the Woodhouse franchise system and shall sign the forms and take the other action that Franchisor requires in order for Franchisee to participate in such programs and pay all related fees.

(2) In addition to the programs described in Section VIII.A.(1), Franchisor may, from time to time, in its sole discretion, develop and administer advertising and sales promotion programs designed to promote all Woodhouse Day Spas operating under the System, including but not limited to digital and social media marketing. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor and pay all related costs. The standards and specifications established by Franchisor for such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, shall be final and binding upon Franchisee.

B. National Advertising ~~Expenditures~~Assessment. During ~~each calendar year throughout~~ the term of this Agreement, Franchisee shall ~~spend~~contribute at least two percent (2%) of the Spa's Gross Sales ~~on advertising. Initially, Franchisee shall spend one and three quarters percent (1.75%) of the Spa's Gross Sales on local advertising, as described in Section VIII.C., and shall contribute one quarter percent (0.25%) of the Spa's Gross Sales~~ to the Advertising Fund described in Section VIII.E., at the time and in the manner that royalty payments are made~~. Upon written notice to Franchisee, Franchisor may vary the amount of the Advertising Assessment that Franchisee is to spend for local advertising, Cooperative advertising, or as an Advertising Fund contribution, provided, that in no event will Franchisee's total required expenditures for advertising exceed the maximum Advertising Assessment specified herein~~.

C. Local Advertising Expenditures. ~~The portion of the Advertising Assessment that~~

In addition to contributions that Franchisee pays to the Advertising Fund, Franchisee must spend each calendar quarter throughout the term of this Agreement, at a minimum, at least one and three quarters percent (1.75%) of the Spa's Gross Sales for local advertising, marketing, and promotion of the Spa (the "Local Advertising Expenditures"). The amount Franchisee spends on local advertising must be spent on advertising for Franchisee's Spa in the local market area, which is the same as the Protected Area. Within fifteen (15) days following the end of each calendar quarter, Franchisee shall submit a quarterly advertising expenditure report to Franchisor, accurately reflecting Franchisee's local advertising expenditures for the preceding quarter. If Franchisor determines that Franchisee's documented spending on local advertising during the most-recently completed calendar quarter was less than the minimum required amount of the Local Advertising Expenditures, Franchisor may collect the unspent amounts directly from Franchisee and deposit such amounts into the Advertising Fund, without any liability or obligation to us such amounts for Franchisee's local advertising. Expenditures incurred for any of the following may not be included ~~in local advertising expenditures~~towards Franchisee's minimum required Local Advertising Expenditures for purposes of this Section VIII.C., unless Franchisor, at Franchisor's sole option, first approves them in writing:

(1) Incentive programs for Franchisee's employees or agents, including the cost of honoring any discounts or coupons, and salaries and expenses of any of Franchisee's employees,

(2) Non-media costs incurred in any promotion;

(3) Charitable, political or other contributions or donations;

(4) In-store materials consisting of fixtures or equipment;

(5) The cost of business directory and other listings; and

(6) Grand Opening expenditures incurred pursuant to Sections VIII.F. or IV.B.

D. Cooperatives. Franchisor has the right to designate any geographic area in which two (2) or more company-owned or franchised Woodhouse Day Spas are located as a region for purposes of establishing an advertising Cooperative. Each Cooperative will be organized and governed as, and will begin operation on a date, Franchisor determines. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. If a Cooperative is established for a geographic area that includes the Protected Area, Franchisee shall execute the Cooperative documents promptly upon Franchisor's request and participate as a member of the Cooperative. Among other things, this means that (i) Franchisee must submit to the Cooperative and to Franchisor all statements and reports that Franchisor or the Cooperative may require, and (ii) Franchisee must contribute to the Cooperative the amounts required by the Cooperative's governing documents; provided, that Franchisee's Cooperative contribution will be applied toward satisfaction of its local advertising requirement under Section VIII.C. Franchisor has the sole right to form, change, dissolve, and merge Cooperatives and to create and amend any organizational and governing documents of any Cooperative.

E. Advertising Fund. Franchisor has established an Advertising Fund to produce advertising for the System. Franchisee must contribute to the Fund the amounts required under Section VIII.B. of this Agreement, at the time and in the manner that royalty payments are due under Sections IV.C. and IV.F. Franchisor or its designee will administer the Fund as follows:

(1) Franchisor will direct all advertising production programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs.

(2) Franchisor or its Affiliates will contribute to the Fund generally on the same basis as franchisees for any Woodhouse Day Spas they operate.

(3) Franchisor may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares.

(4) The Fund will be operated solely as a conduit for collecting and spending advertising contributions for the System. Franchisee's contributions will not be used to defray any of Franchisor's general operating expenses, except for any reasonable administrative costs and overhead that Franchisor may incur in activities reasonably related to the administration or direction of the Fund. The Fund and its earnings will not otherwise inure to Franchisor's benefit.

(5) Franchisor will prepare an annual statement of the Fund's operations and will make it available to Franchisee upon request. In administering the Fund, Franchisor undertakes no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production of advertising.

(6) Although the Fund is intended to be of perpetual duration, Franchisor may terminate it. Franchisor will not terminate the Fund, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

F. Grand Opening. Franchisee shall carry out a grand opening promotion for the Spa in accordance with Franchisor's standards, including, without limitation, those related to the type and size of the grand opening promotion. Franchisor must approve all advertising items, methods and media Franchisee uses in connection with such grand opening promotion in accordance with Section VIII.G. Franchisee must spend at least ~~five~~fifteen thousand dollars ($~~5,000~~15,000) on the Spa's grand opening promotion, of which at least five thousand dollars ($5,000) must be paid to or spent through a public relations vendor that Franchisor approves or designates. Franchisee shall submit one or more expenditure reports to Franchisor, accurately reflecting Franchisee's grand opening expenditures. Amounts paid for the initial grand opening promotion will not be credited toward any other obligation of Franchisee under this Section VIII.

G. Advertising Approvals. All advertising and promotion by Franchisee in any medium shall be conducted in a dignified manner and shall conform to Franchisor's standards and specifications. Franchisee must obtain all advertising and marketing materials used for the Spa from a supplier approved by Franchisor. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials, including, without limitation, those placed on the Internet pursuant to Section VII.H., prior to use if such plans and materials have not been prepared or previously approved by Franchisor during the six (6) month period immediately preceding their proposed use. Franchisee shall submit any unapproved plans and materials to Franchisor, and Franchisor shall approve or disapprove such plans and materials within twenty (20) days after receiving them. Franchisee shall not use any unapproved plans or materials until they have been approved by Franchisor, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Franchisee hereby grants Franchisor an exclusive right to utilize any advertising and marketing materials, without cost, developed by Franchisee, and Franchisor will have the right to grant other franchisees the right to use such advertising and marketing materials.

IX. MARKS

A. Right to Use the Marks. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with this Agreement and Franchisor's standards and specifications.

B. Agreements Regarding the Marks. Franchisee expressly acknowledges that:

(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the rights of Franchisor or its Affiliates in and to the Marks. Nothing in this Agreement shall give Franchisee any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from Franchisee's use of the Marks shall inure solely and exclusively to the benefit of Franchisor or its Affiliates, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be attributable to any goodwill associated with Franchisee's use of the Marks.

(4) Franchisee shall not contest, or assist others to contest, the validity, or the interest, of Franchisor or its Affiliates in the Marks.

(5) Any unauthorized use of the Marks shall constitute an infringement of Franchisor's or its Affiliates' rights in the Marks and a material event of default under this Agreement. Franchisee shall provide Franchisor with all assignments, affidavits, documents, information and assistance related to the Marks that Franchisor or its Affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of Franchisor or its Affiliates in the Marks.

(6) Franchisor shall have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the System and the Woodhouse Day Spas operating under the System if the current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute marks.

C. Use of the Marks. Franchisee further agrees that Franchisee shall:

(1) Operate and advertise the Spa only under the name "Woodhouse Day Spa," without prefix or suffix, unless otherwise authorized or required by Franchisor. Franchisee shall not use the Marks as part of its corporate or other legal name.

(2) Identify itself as the owner of the Spa in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, and shall display a notice in such content and form and at such conspicuous locations on the premises of the Spa as Franchisor may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

(4) Comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

(5) Franchisee shall not use the Marks or any abbreviation or other name associated with Franchisor or the System as part of any e-mail address, domain name, 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 consent as to the content of such e-mail advertisements or solicitations as well as Franchisee's plan for transmitting such advertisements. In addition, Franchisee shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the "CAN-SPAM Act of 2003").

D. Infringement. Franchisee shall notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark and of any claim by any person of any rights in any Mark. Franchisee and the Principals shall not communicate with any person other than Franchisor, its Affiliates, their counsel, and Franchisee's counsel in connection with any such apparent infringement, challenge or claim. Franchisor shall have complete discretion to take any action it deems appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute all such instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any Affiliate in the Marks.

E. Domain Names. Franchisee acknowledges that Franchisor is the lawful, rightful and sole owner of the Internet domain names *www.woodhousespas.com* and *www.woodhousespa.com*, and any other Internet domain names registered by Franchisor, and unconditionally disclaims any ownership interest in those or any colorably similar Internet domain name. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or its Affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

X. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

A. Manuals. The Manuals are Franchisor's property and shall be returned to Franchisor when this Agreement expires or is terminated for any reason. Franchisee and the Principals shall at all times treat the Manuals, and the information contained therein, as confidential and shall maintain such information as secret and confidential in accordance with this Section X. Franchisee and the Principals shall not at any time copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make the same available to any unauthorized person. Franchisee shall make the Manuals available only to those of Franchisee's employees who must have access to them in order to operate the Spa. Franchisee shall, at all times, keep and maintain the Manuals in a secure place at the Spa. Franchisor has the right to add to or modify the Manuals from time to time to, among other reasons, change operating procedures, maintain the goodwill associated with the Marks, and enable the System to remain competitive. Franchisee shall comply with the terms of all additions and modifications to the Manuals and shall keep the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy at Franchisor's offices shall control. The entire contents of the Manuals, and Franchisor's mandatory specifications, procedures and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein. Franchisor will charge a replacement fee of Two Thousand Five Hundred Dollars ($2,500) for any replacement Manuals requested by Franchisee.

B. Confidentiality. Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate, divulge or use for the benefit of any other person or entity and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information, knowledge or know-how concerning the methods of operation of the franchised business which may be communicated to them, or of which they may be apprised, in connection with the operation of the Woodhouse Day Spa under the terms of this Agreement. Franchisee and the Principals shall divulge such Confidential Information only to those of Franchisee's employees who must have access to it in order to operate the Spa. Neither Franchisee nor the Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person.

(1) These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each of the Principals.

(2) Franchisee shall require and obtain the execution of covenants similar to those set forth in this Section X.B. from all Principals not signing the Principals' Guaranty and Assumption Agreement, from all General Managers, and, at Franchisor's request, ~~any Spa Coordinator~~ or other personnel of Franchisee who have access to Confidential Information.

C. Noncompetition Covenants. Franchisee and the Principals specifically acknowledge that, pursuant to this Agreement, they will receive access to valuable training, trade secrets and Confidential Information which are beyond their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. Franchisee and the Principals further acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage, and that gaining access thereto is a primary reason for entering into this Agreement. In consideration therefor, Franchisee and the Principals covenant as follows:

(1) With respect to Franchisee, during the term of this Agreement (or with respect to each of the Principals, for so long as such person satisfies the definition of "Principal" under this Agreement), except as otherwise approved in writing by Franchisor, neither Franchisee nor any of the Principals shall, directly or indirectly, for themselves or through, on behalf of or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of the franchised business to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Woodhouse Day Spas operated under valid agreements with Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to a Woodhouse Day Spa (including, without limitation, a spa business or a business which offers massages, facials, nail treatments, or other spa treatments) and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the Marks or similar marks or operates or licenses others to operate a business under the Marks or similar marks.

(2) With respect to Franchisee, for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Franchisee's interest in, this Agreement (or, with respect to each of the Principals, commencing upon the earlier of (i) the expiration or termination of, or transfer of all of Franchisee's interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Principal" under this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Franchisee, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any other person, persons, partnership, corporation, limited liability company or other entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of the franchised business to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Woodhouse Day Spas operated under valid agreements with Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to, any business that is the same as or similar to a Woodhouse Day Spa (including, without limitation, a spa business or a business which offers massages, facials, nail treatments, or other spa treatments) and which is, or is intended to be, located (i) at the Location, (ii) within the Protected Area, or (iii) within a five (5)-mile radius of the location of any Woodhouse Day Spa then in existence or under construction.

(3) The parties agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. Each such covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section X.C. is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section X.C. The time periods relating to the obligations set forth in Section X.C.(2) will be tolled for any period of non-compliance.

(a) Franchisee and the Principals acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section X.C. without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Principals agree that they shall promptly comply with any covenant as so modified.

(b) Franchisee and the Principals expressly agree that the existence of any claims they may have against Franchisor, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section X.C.

(4) Franchisee shall require and obtain the execution of covenants similar to those set forth in this Section X.C. from all Principals not signing the Principals' Guaranty and Assumption Agreement, from all General Managers, and, at Franchisor's request, ~~any Spa Coordinators~~ or other personnel of Franchisee who have access to Confidential Information. Such covenants shall be substantially in the form set forth in Attachment B. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the scope of the noncompetition covenant set forth in Attachment B or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement under this Section X.C.(4).

D. Injunctive Relief. Franchisee and the Principals acknowledge that any failure to comply with the requirements of this Section X. shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Franchisee and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by them in violation of the terms of this Section X., without the requirement that Franchisor post a bond. Franchisee and the Principals agree to pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in connection with the enforcement of this Section X., including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of such Section, or any part thereof.

E. New Developments. If Franchisee, its employees, or Principals develop any new concept, process or improvement in the operation or promotion of the franchised business, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Franchisee and its Principals hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and its Principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Franchisee and its Principals hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other

intellectual property right related to any such concept, process or improvement. In the event that the foregoing provisions of this Section X.E. are found to be invalid or otherwise unenforceable, Franchisee and its Principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein.

XI. BOOKS AND RECORDS

A. Maintenance Requirement. Franchisee shall maintain during the term of this Agreement, in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals, and shall preserve for at least five (5) years from the date of preparation, full, complete and accurate books, records and accounts of the Spa, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers.

B. Reporting. In addition to the remittance reports required by Sections IV. and VIII. hereof, Franchisee shall comply with the following reporting obligations:

(1) Franchisee shall, at Franchisee's expense, submit to Franchisor, in the form prescribed by Franchisor, Franchisee's monthly balance sheet and profit and loss statement (which may be unaudited) within twenty (20) days after the end of each month during the term hereof. Each such statement shall be signed by Franchisee's treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Franchisee shall, at its expense, submit to Franchisor, within ninety (90) days after the end of each fiscal year, Franchisee's complete annual financial statement (which may be unaudited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to Franchisor and showing the results of Franchisee's operations of Franchisee during such fiscal year.

(3) Franchisee shall, at its expense, submit to Franchisor (i) copies of Franchisee's federal income tax returns (including any extension requests) not later than five (5) days after filing and (ii) copies of Franchisee's state sales tax returns within five (5) days after the end of each calendar quarter. If the Spa is in a state which does not impose a sales tax, Franchisee shall submit a copy of its state income tax return (including any extension requests) not later than five (5) days after filing.

(4) Franchisee also shall submit to Franchisor such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor.

C. Audits. Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy the books and records of Franchisee at the Spa. If any required royalty or other required payments to Franchisor are delinquent, or if an audit should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with Section IV.C. If an audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the audit (including, without limitation, reasonable accounting and attorneys' fees and costs). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

D. No Waiver. Franchisor's receipt or acceptance of any of the statements furnished or amounts paid to Franchisor (or the cashing of any check or processing of any electronic fund transfer) shall not preclude Franchisor from questioning the correctness thereof at any time, and, in the event that any

errors are discovered in such statements or payments, Franchisee shall immediately correct the error and make the appropriate payment to Franchisor.

E. Authorization to Release Information. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Spa which Franchisor may request. Franchisee authorizes Franchisor to disclose data from Franchisee's reports if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

XII. INSURANCE

A. Insurance Coverage Requirements. Not later than sixty (60) days prior to the Opening Date, Franchisee shall procure 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, its Affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the Spa. Such policy or policies shall be written by a responsible carrier or carriers rated "A" or better by the A.M. Best Company, Inc. and otherwise reasonably acceptable to Franchisor and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time in writing), the following:

(1) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in the amount of One Million Dollars ($1,000,000) combined single limit per occurrence, Two Million Dollars ($2,000,000) general aggregate, Two Million Dollars ($2,000.000) product liability, One Million Dollars ($1,000,000) personal & advertising injury, Three Hundred Thousand Dollars ($300,000) fire legal liability, and Five Thousand Dollars ($5,000) medical payment limits.

(2) "All Risks" coverage for the full cost of replacement of the Spa premises and all other property in which Franchisor may have an interest with agreed amount endorsement for the premises naming Franchisor as a loss payee.

(3) An "umbrella" policy providing excess coverage with limits of not less than Three Million Dollars ($3,000,000) which must be excess to the general liability coverage required herein.

(4) Business interruption insurance covering at least twelve (12) months' loss of profits and necessary continuing expenses for interruptions caused by any occurrence covered by the insurance referred to in (1) and (2) above and Franchisee's royalty and advertising fund contribution calculated on the basis of the Gross Sales used as the basis for calculation of the business interruption insurance award. Such business interruption insurance shall be written on an all risks form, either as an endorsement to the policies described in (1) and (2) above or on a separate policy.

(5) Worker's compensation insurance with employer liability limit of bodily injury by accident One Million Dollars ($1,000,000) each accident, by disease One Million Dollars ($1,000,000) policy limit, and by disease One Million Dollars ($1,000,000) each employee.

(6) Professional Liability Insurance to cover the errors and omission of your professional staff in the providing of services to your guests with not less than One Million Dollars/Three

Million Dollars ($1,000,000/$3,000,000) limit of liability and including Abuse and Molestation with a minimum limit of One Hundred Thousand Dollars/Three Hundred Thousand Dollars ($100,000/$300,000).

(7) Employment Practices Liability including Third Party Coverage for not less than Five Hundred Thousand ($500,000) aggregate.

(8) Such other insurance as may be required by the landlord of the premises at, and by the state or locality in, which the Spa is located.

B. Deductibles; Waiver of Subrogation. Franchisee may elect to have reasonable deductibles in connection with the coverage required under Sections XII.A(1)-(8) hereof. Such policies shall also include a waiver of subrogation in favor of Franchisor, its Affiliates and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them.

C. Builder's Risk Insurance. In connection with any construction, renovation, refurbishment or remodeling of the Spa, Franchisee shall maintain Builder's Risks/Installation insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor.

D. No Limitation of Other Obligations. Franchisee's obligation to obtain and maintain the foregoing policies in the amounts specified 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 XV. of this Agreement.

E. Additional Insured Designation. All insurance policies required hereunder, with the exception of workers' compensation and employment practices liability, shall name Franchisor and its Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall expressly provide that their interest shall not be affected by Franchisee's breach of any policy provisions. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of the negligence of Franchisee or its servants, agents or employees.

F. Certificates of Insurance. Upon execution of this Agreement, and thereafter thirty (30) days prior to the expiration of any policy required hereunder, Franchisee shall deliver to Franchisor certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to or cancellation of the policies.

G. Remedies. Should Franchisee fail to procure or maintain the insurance required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) to procure such insurance and to charge the cost of such insurance to Franchisee, together with a reasonable fee for Franchisor's expenses in so acting. Such amounts shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

XIII. DEBTS AND TAXES

A. Payment of Taxes and Other Obligations. Franchisee shall promptly pay when due all Taxes, levied or assessed and all accounts and other indebtedness of every kind incurred by Franchisee in

the conduct of the franchised business. Without limiting the provisions of Section XV., Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed.

B. No Deduction. Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes.

C. Disputed Liability. In the event of any bona fide dispute as to Franchisee's liability for Taxes or other indebtedness, Franchisee may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the assets of the franchised business or any improvements thereon.

D. Credit Standing. Franchisee recognizes that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by Franchisee in good faith, Franchisee agrees to promptly pay when due all amounts owed by Franchisee to Franchisor, its Affiliates, and other suppliers.

E. Notice of Adverse Orders. Franchisee shall notify Franchisor in writing within five (5) days 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.

XIV. TRANSFER

A. By Franchisor. 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 without Franchisee's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all Franchisor's obligations arising hereunder subsequent to the transfer or assignment. Without limitation of the foregoing, Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. By Franchisee and Principals. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and the Principals. Accordingly, neither Franchisee nor any Principal, nor any successor or assign of Franchisee or any Principal, shall sell, assign, transfer, convey, merge, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in the Spa or in Franchisee, whether or not such sale, assignment, transfer, conveyance, merger, gift, pledge, mortgage, disposition, or encumbrance constitutes a transfer or assignment under applicable law, without the prior written consent of Franchisor, except as provided in Section XIV.D. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material breach under this Agreement. If Franchisee wishes to transfer all or part of its interest in the Spa or this Agreement, or if Franchisee or a Principal wishes to transfer any ownership interest in Franchisee (except as provided in Section XIV.D. below), transferor and the proposed transferee shall apply to Franchisor for its consent. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, in the Spa or in this Agreement but may require any or all of the following as conditions of its consent:

(1) All accrued monetary obligations of Franchisee and its Affiliates to Franchisor and its Affiliates arising under this Agreement, or any other agreement, shall have been satisfied in a timely manner, and Franchisee shall have satisfied all trade accounts and other debts of whatever nature or kind;

(2) Franchisee and its Affiliates shall not be in default of this Agreement, or any other agreement with Franchisor or its Affiliates, and shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;

(3) The transferor and its principals, if applicable, shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor, its Affiliates ~~and Regional Developers~~, their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with Franchisor or its Affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The transferee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's then-current qualifications, and, at the transferee's expense, its ~~operating principal~~Operating Principal, General Manager~~, Spa Coordinator~~, and any other personnel required by Franchisor shall complete any training programs then in effect for Woodhouse Day Spas upon such terms and conditions as Franchisor may reasonably require;

(5) The transferee shall, at its expense and within the time period reasonably required by Franchisor, renovate, modernize and otherwise upgrade the Spa to conform to the then-current System image, standards and specifications;

(6) The transferee shall enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several, liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of Franchisee under this Agreement. If the transferee is a corporation, partnership, limited liability company or other entity, those of transferee's principals who are designated as principals, also shall execute such agreement and guarantee the performance thereof;

(7) The transferee shall execute Franchisor's then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement, including higher fees, but the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of transferee's principals who are designated as principals, also shall execute such agreement and guarantee the performance thereof;

(8) The transferor shall remain liable for all of its obligations to Franchisor under this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(9) Franchisee shall pay Franchisor a transfer fee of five thousand dollars ($5,000) and shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, training costs and legal and accounting fees and costs;

(10) If transferee is a corporation, partnership, limited liability company, or other entity, the transferee shall make all of the representations, warranties and covenants in Section VI. as Franchisor may request, and shall provide evidence satisfactory to Franchisor that such representations, warranties and covenants are true and correct as of the date of the transfer.

(11) If the transfer relates to the grant a security interest in any of Franchisee's assets, Franchisor may require the secured party to agree 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 no obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee.

C. Transfer for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section XIV.B., except that Sections XIV.B.(3), (4), (5), (7) and (9) shall not apply. In any transfer for the convenience of ownership, Franchisee shall be the owner of all the voting stock or ownership interests in the new entity, or, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in Franchisee prior to the transfer.

D. Transfer of Non-Controlling Interest. If any person holding an interest in Franchisee (other than a Principal signing the Principals' Guaranty and Assumption Agreement) proposes to transfer such interest, then Franchisee shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to the transfer. The transferee shall not be one of Franchisor's competitors and may be required to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by Franchisor, which form shall be in substantially the same as the form attached to this Agreement as Attachment B. Franchisor reserves the right to require such transferee to sign the Principals' Guaranty and Assumption Agreement.

E. Right of First Refusal. If Franchisee or a Principal wishes to transfer any interest in this Agreement, the Spa, or Franchisee, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of the offer, 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 and copies of all required documentation describing the terms of the offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of Franchisor's notice to seller of its election to purchase and the date Franchisor receives all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, Franchisor may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If Franchisor exercises its right of first refusal, it shall have the right to set off all appraisal fees and other amounts due from Franchisee to Franchisor or any of its Affiliates. A material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Franchisor's failure to exercise the option afforded by this Section XIV.E. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XIV.B. Failure to comply with this Section XIV.E. shall constitute a material event of default under this Agreement.

F. Death or Permanent Disability. Franchisee or its representative shall promptly notify Franchisor of any death or claim of permanent disability subject to this Section XIV.F. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section XIV.B. for any inter vivos transfer.

(1) Upon the death of Franchisee (if Franchisee is a natural person) or any Principal who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within six (6) months after

the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within six (6) months after the death of the Deceased.

(2) Upon the permanent disability of Franchisee (if Franchisee is a natural person) or any Principal who is a natural person, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section XIV. within six (6) months after notice to Franchisee. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XIV.F. The costs of any examination required by this Section shall be paid by Franchisor.

G. Securities Offerings. Interests in Franchisee shall not be offered to the public by private or public offering without Franchisor's prior written consent, which shall not be unreasonably withheld. As a condition of its consent, Franchisor may, in its sole discretion, require that, immediately after such offering, Franchisee and the Principals retain a Controlling Interest in Franchisee. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the commencement of any offering covered by this Section XIV.G. All offering materials shall be submitted to Franchisor for review prior to being filed with any governmental agency or distributed for use. Franchisor's review of the offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor. No offering shall imply that Franchisor is participating in an underwriting, issuance or offering of securities. Franchisor may require the offering materials to contain a written statement prescribed by Franchisor concerning the relationship of Franchisee and Franchisor. Franchisee, its Principals and the other participants in the offering must fully indemnify Franchisor, its Affiliates, their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of Three Thousand Dollars ($3,000) and shall reimburse Franchisor for its reasonable costs and expenses (including, without limitation, legal and accounting fees and costs) associated with reviewing the offering materials.

H. No Waiver. Franchisor's consent to the transfer of any interest described in this Section XIV. shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand transferee's exact compliance with any of the terms of this Agreement.

XV. INDEMNIFICATION

A. Indemnity. Franchisee and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its Affiliates, ~~Regional Developers,~~ successors and assigns and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them ("Indemnitees"), from all Losses and Expenses, defined below, incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or relates to this Agreement in any way or which arises out of or is based upon any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Principals of any patent, mark or copyright or other proprietary right owned or

controlled by third parties, unless such violation or infringement relates to the use of the Marks or other proprietary information as to which a license has been granted hereunder and such use has been in accordance with this Agreement;

(2) The violation, breach or asserted violation or breach by Franchisee or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

(3) Libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of the Principals;

(4) The violation or breach by Franchisee or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement with Franchisor or any of its Affiliates; and

(5) Acts, errors, or omissions of Franchisee, any of Franchisee's Affiliates, any of the Principals and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors servants and employees of any of them in connection with the establishment and operation of the Spa including, but not limited to, Franchisee's employer/employee relationships and any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle.

B. Defense of Claim. Franchisee and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee and each of the Principals, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Franchisee and each of the Principals to indemnify the Indemnitees and to hold them harmless.

C. Remedial Action. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

(1) any of the acts or circumstances enumerated in Section XV.A(1)-(4) above has occurred; or

(2) any act, error, or omission as described in Section XV.A(5) may result directly or indirectly in damage, injury, or harm to any person or any property.

D. Losses and Expenses.

(1) All Losses and Expenses incurred under this Section XV. shall be chargeable to and paid by Franchisee or any of the Principals pursuant to its obligations of indemnity under this Section, regardless of any action, activity or defense undertaken by Franchisor or the subsequent success or failure of such action, activity, or defense.

(2) As used in this Section XV., the phrase "Losses and Expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees and costs, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of or resulting from delays, financing costs, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, any and all expenses of recall, refunds, compensation, and public notices and all other payments of money incurred in connection with the matters described.

E. Contributory Negligence. The Indemnitees do not assume any liability for acts, errors or omissions of those with whom Franchisee or the Principals may contract, regardless of the purpose. Franchisee and the Principals shall hold harmless and indemnify the Indemnitees as set forth herein without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be gross, sole, joint or concurrent, or active or passive) or strict liability of Franchisor or any other party or parties arising in connection therewith, including, without limitation, the other Indemnitees.

F. No Duty to Mitigate; Survival of Obligations. Under no circumstances shall Franchisor be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under the indemnity and against Franchisee, and the failure of Franchisor to pursue such recovery or mitigate such loss will no way reduce the amounts recoverable by Franchisor from Franchisee. Franchisee and the Principals expressly agree that the terms of this Section XV. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

XVI. RELATIONSHIP OF THE PARTIES

A. Independent Contractor Relationship. Franchisee agrees that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and Franchisor owes Franchisee no duties except as expressly provided in this Agreement. Franchisee shall be an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting its Spa operations pursuant to the rights granted by Franchisor. Further, all employees hired by or working for Franchisee or its Affiliates will be Franchisee's or Franchisee's Affiliates' employees and will not, for any purpose, be deemed employees of Franchisor or its Affiliates or subject to Franchisor's or its Affilates' control. Franchisor has no authority to hire, fire, promote, or demote any of Franchisee's employees or take any disciplinary action whatsoever against any of them. Additionally, Franchisee must communicate to all employees that Franchisee, not Franchisor, is their employer; and Franchisee must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or Franchisor's name. Each of the parties will file its own tax, regulatory, and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

B. No Authority. Nothing in this Agreement authorizes Franchisee or any of the Principals 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 under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any of the Principals or any claim or judgment arising therefrom.

XVII. TERMINATION

A. Default and Termination. Franchisee acknowledges that each of Franchisee's obligations described in this Agreement is a material and essential obligation; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

B. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or if an involuntary petition is filed with respect to Franchisee under any such laws and is not dismissed within 60 days after it is filed; or admits in writing its inability to

pay its debts when due; or if Franchisee is adjudicated as bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or 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; or 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; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Spa premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Spa shall be sold after levy thereupon by any sheriff, marshal or constable.

C. Termination on Notice; No Cure. Franchisee shall be deemed to be in material default and 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 notice to Franchisee, upon the occurrence of any of the following events:

(1) If Franchisee operates the Spa or sells any products or services authorized by Franchisor for sale at the Spa at a location other than the Location.

(2) If Franchisee fails to obtain Franchisor's approval of a proposed site or fails to acquire a Location for the Spa within the time and manner specified in the Development Agreement or Site Addendum hereto, as applicable

(3) If Franchisee fails to construct the Spa in accordance Franchisor's prototypical plans, as adapted in accordance with Section II and the Development Agreement or Site Addendum hereto, as applicable.

(4) If Franchisee fails to open the Spa for business within the period specified in Section II.D. of this Agreement.

(5) If Franchisee at any time ceases to operate or otherwise abandons the Spa , or loses the right to possess the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Spa is located; provided, that this provision shall not apply in the event of a Force Majeure, if Franchisee applies within thirty (30) days after such event for Franchisor's approval to relocate or reconstruct the Spa and Franchisee diligently pursues such reconstruction or relocation. Franchisor's approval not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to Franchisor during the period in which the Spa is not in operation.

(6) If Franchisee or any of the Principals is convicted of, or has entered a plea of nolo contendere to, 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 Marks, the goodwill associated therewith, or Franchisor's interests therein.

(7) If a threat or danger to public health or safety results from the construction or operation of the Spa.

(8) If Franchisee or any of the Principals purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Spa to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal contrary to the terms of Section XIV., or if a transfer upon death or permanent disability is not made in accordance with Section XIV.

(9) If, contrary to the terms of Section X.B., Franchisee or any of the Principals discloses or divulges any Confidential Information.

(10) If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor.

(11) If Franchisee breaches in any material respect any of the covenants, or has falsely made any of the representations or warranties, set forth in Section VI.

(12) If Franchisee fails to comply with Franchisor's quality assurance program and fails to cure any default thereunder within the applicable cure period.

(13) If Franchisee or any Affiliate of Franchisee is in default of any other franchise agreement with Franchisor and fails to cure such default within the applicable cure period, if any.

(14) If Franchisee or any of the Principals repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor.

D. Termination on Notice; Opportunity to Cure. Except as provided in Sections XVII.B. and XVII.C. of this Agreement, upon any default by Franchisee which is capable of being cured, Franchisor may terminate this Agreement by giving Franchisee written notice of termination stating the nature of the default and the time period within which the default must be cured. Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the time period set forth below or any longer period that applicable law may require ("cure period"). If any such default is not cured within the cure period, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

(1) If Franchisee fails to procure and maintain the insurance policies required by Section XII. and fails to cure such default within seven (7) days following notice from Franchisor.

(2) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor.

(3) If Franchisee fails to obtain the execution of the confidentiality and related covenants as required under Sections X.B. or X.C. of this Agreement within ten (10) days after being requested to do so by Franchisor and fails to cure such default within thirty (30) days following notice from Franchisor.

(4) If Franchisee or any of its Affiliates fails, refuses, or neglects promptly to pay any monies owed to Franchisor or any of its Affiliates, when due under this Agreement or any other agreement, or fails to submit the financial or other information required by Franchisor under this Agreement, and does not cure such default within five (5) days following notice from Franchisor.

(5) If Franchisee or any of the Principals fails to comply with the restrictions against competition set forth in Section X.C. of this Agreement and fails to cure such default within ten (10) days following notice from Franchisor.

(6) If Franchisee fails to maintain or observe any of the standards, specifications or procedures prescribed by Franchisor in this Agreement or otherwise in writing, and fails to cure such default within thirty (30) days following notice from Franchisor.

(7) If Franchisee fails to comply with any other requirement imposed by this Agreement, or fails to carry out the terms of this Agreement in good faith and fails to cure such default within thirty (30) days following notice from Franchisor.

(8) If Franchisee fails to designate a qualified replacement Operating Principal or General Manager within thirty (30) days after any initial or successor Operating Principal or General Manager ceases to serve.

XVIII. POST-TERMINATION

A. Franchisee's Obligations Upon Termination. Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate, and Franchisee shall:

(1) Immediately cease to operate the Spa under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

(2) Immediately and permanently cease to use, in any manner whatsoever, any Confidential Information, methods, procedures, and techniques associated with the System and the Marks. Without limitation of the foregoing, Franchisee shall cease to use all signs, advertising materials, displays, stationery, forms and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Woodhouse Day Spa" or any other Mark, and furnish Franchisor with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.

(4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks, in connection with any other business, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, nor shall Franchisee use any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

(5) Promptly pay (a) all sums owing to Franchisor and its Affiliates, and all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by Franchisor as a result of any default by Franchisee or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Section XVIII., which obligation shall give rise to and remain a lien in favor of Franchisor against any and all assets of Franchisee, until such obligations are paid in full ~~and~~; (b) to Franchisor an amount equal to fifty percent (50%) of the total outstanding balance of all coupons, gift cards, gift certificates and vouchers issued by the Spa as of the date of termination or expiration, as applicable~~.~~; and (c) liquidated damages to Franchisor as set forth below, if applicable. If this Agreement is terminated for any reason prior to the expiration of this Agreement (including, without limitation, if Franchisee fails to timely open the Spa for business or at any time ceases to operate or otherwise abandons the Spa), Franchisee will, within thirty (30) days following the effective date of such termination, pay Franchisor in a single lump sum payment, as liquidated damages and not as a penalty, as follows: (i) where there are less than two (2) years remaining in this Agreement's then-current term (i.e., the initial term under Section III.A. or the renewal term under Section III.B.), the average royalty fee paid by Franchisee during the previous two (2) years of operation of the Spa multiplied by the number of weeks remaining in this Agreement's then-current term; (ii) where there are two (2) or more years remaining in this Agreement's then-current term and the Spa has operated for at least two (2) years, the average royalty fee paid by Franchisee during the previous two (2) years of operation of the Spa multiplied by one hundred and four (104) weeks; and (iii) where there are two (2) or more years remaining in this Agreement's then-current term and the Spa has not opened or has operated for less than two (2) years, the average royalty fee paid by franchisees for the month that termination of this Agreement is effective multiplied by one hundred and four (104) weeks. Franchisee acknowledges and agrees that the actual damages Franchisor would sustain in the event of any early termination of this Agreement would be difficult to calculate or ascertain, the liquidated damages provided for in this Section XVIII.A.(5) are a fair and reasonable approximation of the amount of damages Franchisor

would sustain and are not a penalty. Payment to Franchisor of such liquidated damages will not constitute an election of remedies by Franchisor or excuse performance of Franchisee's post-termination obligations hereunder. Any payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity.

(6) Immediately deliver to Franchisor all Manuals, records, files, instructions, correspondence, Software Programs, and other materials related to the operation of the Spa in Franchisee's possession or control, and all copies thereof, all of which are acknowledged to be Franchisor's property, and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

(7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Section X. of this Agreement and cause any other person required to execute similar covenants pursuant to Section X. also to comply with such covenants.

(8) Promptly furnish to Franchisor an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Spa or at any other location under Franchisee's control. Franchisor shall have the right to inspect these materials and the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at Franchisee's cost. Materials not purchased by Franchisor shall not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Franchisor.

(9) At Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the premises of the Spa or for any equipment used in the operation of the franchised business. Franchisor may exercise such option at or within thirty (30) days after the termination or expiration of this Agreement. Franchisee hereby appoints Franchisor its 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 the assignment of Franchisee's interest in any such lease or sublease upon the exercise of Franchisor's option described herein. This power of attorney shall survive the expiration or termination of this Agreement. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Spa premises, Franchisee shall make such modifications or alterations to the premises as are necessary to distinguish the appearance of the Spa from that of other Woodhouse Day Spas, and, if Franchisee fails or refuses to do so, Franchisor shall have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at Franchisee's expense.

(10) At Franchisor's option, assign to Franchisor all rights to the telephone numbers of the Spa and any related business listings and execute all forms and documents required by Franchisor and any telephone company at any time to transfer such service and numbers to Franchisor. Franchisee shall thereafter use different telephone numbers at or in connection with any subsequent business conducted by Franchisee.

B. Additional Franchisor Options. In addition to its options under Sections XVIII.A.(9) and (10), Franchisor shall have the following options, to be exercised within thirty (30) days after termination or expiration of this Agreement:

(1) Franchisor shall have the option to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, materials and other assets related to the operation of the Spa, at fair market value. In addition, if Franchisee owns the land upon which the Spa is located, Franchisor shall have the further option to purchase the land, including any building on the land used for the operation of the Spa, for the fair market value of the land and building. If Franchisee does not own the land, Franchisor may nevertheless exercise this option for the purpose of purchasing any building owned by Franchisee and used in the operation of the Spa.

(2) With respect to Franchisor's options under Section XVIII.B.(1), Franchisor shall purchase assets only and shall assume no liabilities, unless otherwise agreed in writing by the parties. If the parties cannot agree on the fair market value of the assets within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by three (3) appraisers. Each party shall select one (1) appraiser, and those two (2) appraisers shall select a third appraiser. The average of the determinations of the three (3) appraisers shall be binding. In the event of an appraisal, each party shall bear its own legal and other costs and shall divide the appraisal fees equally. The purchase price shall be paid in cash; provided, that Franchisor shall have the right to set off from the purchase price (i) all fees due from Franchisee for any appraisal conducted hereunder, (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees and costs).

(3) Closing of the purchase and sale of the properties described above shall occur not later than thirty (30) days after the purchase price is determined, unless the parties mutually agree to designate another date. At closing, Franchisee shall deliver to Franchisor, in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all necessary documents, instruments, or third party consents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

C. Assignment of Franchisor Rights. Franchisor shall be entitled to assign any and all of its options in this Section XVIII. to any other party, without the consent of Franchisee.

XIX. MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

The Woodhouse SPAS, LLC
~~One O'Connor Plaza, 1st Floor~~
~~Victoria, Texas 77901~~
300 Union Boulevard, Suite 600
Lakewood, Colorado 80228
Attention: Ben Jones
Telephone: (877) 570-7772
~~Facsimile: (361) 578-7116~~

Notices to Franchisee and the Principals:

_____
_____
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

B. Entire Agreement. This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee and the Principals concerning the subject matter hereof and shall supersede all prior related agreements; provided, however, that nothing in this or any related agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representative, subject to any agreed-upon changes to the contract terms and conditions described in that franchise disclosure document and reflected in this Agreement (including any riders or addenda signed at the time as 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.

C. No Waiver. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee or the Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or the Principals, or as to a subsequent breach or default by Franchisee or the Principals.

D. Approval or Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to Franchisee, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by Franchisor, nor does Franchisor assume any liability or obligation to Franchisee or any third party as a result thereof.

E. Force Majeure. Upon the occurrence of an event of Force Majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of Force Majeure shall occur, then, in addition to payments required under Section XVII.C.(5), Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by Franchisee in accordance with Section XV. Except as provided in Section XVII.C.(5) and the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure.

F. Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision 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, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

G. MEDIATION. EXCEPT FOR ACTIONS WHICH THE FRANCHISOR MAY BRING IN ANY COURT OF COMPETENT JURISDICTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (iii) INVOLVING THE POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS OR THE CONFIDENTIAL INFORMATION, THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN FRANCHISOR OR ANY OF ITS AFFILIATES ~~OR REGIONAL DEVELOPERS (AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES)~~ AND FRANCHISEE (AND FRANCHISEE'S AGENTS, REPRESENTATIVES AND/OR EMPLOYEES, AS APPLICABLE) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE OR THEIR RESPECTIVE AFFILIATES, (b) FRANCHISOR'S RELATIONSHIP WITH FRANCHISEE, (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR OR FRANCHISEE OR THEIR RESPECTIVE AFFILIATES, OR (d) ANY SYSTEM STANDARD, TO MEDIATION PRIOR TO BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION SHALL BE CONDUCTED BY EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES, AS AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME (NOT TO EXCEED FIFTEEN (15) DAYS) AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES AND COSTS INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING UNDER SECTION XIX.H.

H. JURISDICTION AND VENUE. FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, FRANCHISEE AND THE PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY, OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. FRANCHISEE AND THE PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. FRANCHISEE AND THE PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.

I. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER TEXAS LAW (EXCEPT FOR TEXAS CONFLICT OF LAW RULES).

J. MUTUAL ACKNOWLEDGMENTS. THE PARTIES ACKNOWLEDGE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF THEM WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT. EACH PARTY FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT. IN ADDITION, THE PARTIES ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN VICTORIA, TEXAS, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN VICTORIA, TEXAS.

K. DAMAGES WAIVER. FRANCHISEE AND THE PRINCIPALS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST FRANCHISOR, ITS AFFILIATES, ~~REGIONAL DEVELOPERS,~~ AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, MEMBERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES OF EACH OF THEM, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT IN THE EVENT OF A DISPUTE, FRANCHISEE AND THE PRINCIPALS SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THEM. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

L. JURY WAIVER. IN ANY LITIGATION BETWEEN THE PARTIES FOUNDED UPON OR ARISING FROM THIS AGREEMENT, THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL AND THE PARTIES HEREBY STIPULATE THAT ANY SUCH TRIAL SHALL OCCUR WITHOUT A JURY.

M. BUSINESS JUDGMENT. FRANCHISEE, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT VARIOUS PROVISIONS OF THIS AGREEMENT SPECIFY CERTAIN MATTERS THAT ARE WITHIN THE DISCRETION OR JUDGMENT OF FRANCHISOR OR ARE OTHERWISE TO BE DETERMINED UNILATERALLY BY FRANCHISOR. IF THE EXERCISE OF FRANCHISOR'S DISCRETION OR JUDGMENT AS TO ANY SUCH MATTER IS SUBSEQUENTLY CHALLENGED, THE PARTIES TO THIS AGREEMENT EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION OR JUDGMENT IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF SUCH DISCRETION OR JUDGMENT, WITHOUT REGARD TO WHETHER OTHER REASONS FOR

ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

N. LIMITATIONS OF CLAIMS. EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO (i) ANY MISREPRESENTATION OR OMISSION MADE BY FRANCHISEE OR ITS PRINCIPALS UNDER THIS AGREEMENT OR IN ANY APPLICATION THEREFOR, (ii) FRANCHISEE'S OBLIGATIONS TO PROTECT FRANCHISOR'S CONFIDENTIAL INFORMATION, OR (iii) FRANCHISEE'S OBLIGATIONS TO INDEMNIFY FRANCHISOR PURSUANT TO SECTION XV., ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF FRANCHISEE AND FRANCHISOR PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR TWO (2) YEARS FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

O. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

P. Headings. The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

Q. Survival. Any obligation of Franchisee or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Principals therein, shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections XIX.G., H. and I. are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

R. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

S. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its Affiliates, and Franchisor or any of its Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section XVII. of this Agreement shall not discharge or release Franchisee or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement. Additionally, Franchisee and the Principals shall pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in obtaining any remedy available to Franchisor for any violation of this Agreement.

T. No Third Party Beneficiary. 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 and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section XIV.), any rights or remedies under or as a result of this Agreement.

U. Further Assurances. The parties will promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement.

V. Agreement Effective Upon Execution by Franchisor. This Agreement shall not become effective until signed by an authorized representative of Franchisor.

XX. FRANCHISEE'S ACKNOWLEDGMENTS

A. Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Franchisee. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Consultation with Advisors. Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

C. FTC Rule Compliance. Franchisee acknowledges that it received a complete copy of Franchisor's disclosure document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C.F.R. Part 436) within the time period required by applicable law.

D. No Reliance. Franchisee is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

~~E. Regional Developers. Franchisee acknowledges that Franchisor has the right to delegate certain of its obligations under this Agreement to a Regional Developer. Franchisee agrees to deal directly with any such Regional Developer as Franchisor's agent; provided, however, that if the directions or instructions that Franchisee receives from the Regional Developer are inconsistent with or contrary to, any directions or instructions that Franchisee receives from Franchisor, Franchisee shall follow Franchisor's directions and/or instructions. Franchisee further acknowledges that Franchisee will have no contractual relationship with the Regional Developer by virtue of Franchisor's delegation of certain of its obligations to the Regional Developer.~~

XXI. CERTAIN DEFINITIONS

~~A. "Advertising Assessment" means the aggregate amount Franchisee must spend for advertising pursuant to Section VIII.B. of this Agreement.~~

~~B~~. "Advertising Fund" or "Fund" means the advertising fund described in Section VIII.E. of this Agreement.

~~C~~B. An "Affiliate" of a named person is any person or entity that is controlled by, controlling or under common control with such named person.

~~D~~C. "Business Day" means any day other than Saturday, Sunday or the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

~~E~~D. "Confidential Information" means any confidential information, knowledge or know-how concerning the methods of establishing and operating the Woodhouse Day Spa which may be communicated to Franchisee or any of the Principals or of which they may be apprised under this Agreement. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement shall be deemed confidential for the purposes of this Agreement.

~~F~~E. "Cooperative" means an advertising cooperative, as described in Section VIII.D. of this Agreement.

~~G~~F. "Controlling Interest" means (a) if Franchisee is a corporation, that the Principals, either individually or cumulatively, (i) directly or indirectly own at least fifty-one percent (51%) of the shares of each class of Franchisee's issued and outstanding capital stock and (ii) be entitled, under its governing documents and under any agreements among the shareholders, to cast a sufficient number of votes to require such corporation to take or omit to take any action which such corporation is required to take or omit to take under this Agreement, or (b) if Franchisee is a partnership, that the Principals (i) own at least fifty-one percent (51%) interest in the operating profits and operating losses of the partnership as well as at least fifty-one percent (51%) ownership interest in the partnership (and at least fifty-one percent (51%) interest in the shares of each class of capital stock of any corporate general partner) and (ii) be entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

~~H~~G. "Development Agreement" means the agreement between Franchisee or one of its Affiliates, as "Developer," and Franchisor under which the Developer has the right and obligation to develop a designated number of Woodhouse Day Spas within the time period and geographic area specified in the agreement, under franchise agreements with Franchisor, and includes all exhibits, schedules, attachments, and addenda thereto.

~~I. "Development Fee Credit" means the pro rata portion of the development fee allocable to each Spa pursuant to Section II.A. of the Development Agreement.~~

~~J~~

H. "General Manager" means a qualified individual who meets the requirements in Section VI.E. of this Agreement but who is not required to own an interest in Franchisee, designated by Franchisee and approved by Franchisor to supervise the operations of Franchisee's Woodhouse Day Spas.

~~K~~I. "Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, war, terrorism, riot, epidemic, fire or other catastrophe or other forces beyond Franchisee's control.

~~L~~J. "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse all officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) whom Franchisor designates as Franchisee's Principals and all holders of an ownership interest in Franchisee and of any entity directly or indirectly controlling Franchisee.

~~M~~K. "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Spa, including, without limitation, income from the sale of

products and services over the Internet, whether for cash or credit and regardless of collection in the case of credit, but expressly excluding the following:

(1) Receipts from the operation of any public telephone or vending machines installed in the Spa, except for any amount representing Franchisee's share of such revenues;

(2) Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Spa, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Spa, provided that such taxes are actually transmitted to the appropriate taxing authority;

(3) Tips or gratuities paid directly by Spa customers to employees of Franchisee or paid to Franchisee and then turned over to such employees by Franchisee in lieu of direct tips or gratuities;

(4) Returns to shippers or manufacturers; and

(5) Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Spa or having any material effect upon the ongoing operation of the Spa required under this Agreement.

Franchisor may, from time to time, authorize certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion. The following are included within the definition of "Gross Sales" described except as noted below:

(a) The full value of spa products or services furnished to Franchisee's employees as an incident to their employment, except that the value of any discounts extended to such employees may be credited against Gross Sales during the week in which the products or services were furnished for the purpose of determining the amount of Gross Sales upon which the royalty fee is due; and

(b) All proceeds from the sale of coupons, gift cards, gift certificates or vouchers, including amounts paid directly to Franchisee by third party marketing companies (e.g., Groupon) for similar payment devices; provided, that at the time such coupons, gift cards, gift certificates or vouchers are redeemed the retail price for the services provided in exchange for such coupons, gift cards, gift certificates or vouchers shall not be included in Gross Sales. If sales proceeds are not recorded and reported for royalty purposes at the time the coupon, gift card, gift certificate or voucher is sold, or if such coupons, gift cards, gift certificates or vouchers are distributed free of charge, the retail price for the services provided in exchange for such coupons, gift cards, gift certificates or vouchers shall be included in Gross Sales.

~~N~~L. "Gross Sales Report" means the report due on or before each Monday during the term of this Agreement, itemizing, in the form and manner Franchisor reasonably requires (including electronic form), the Gross Sales of the Spa for the preceding week (Monday through Sunday).

~~O~~M. "Internet" means a global computer-based communications network.

~~P~~N. "Intranet" means a restricted global computer-based communications network.

~~Q~~

O. "Local Advertising Expenditures" means the amount Franchisee must spend for local advertising pursuant to Section VIII.C. of this Agreement.

P. "Manuals" means Franchisor's Confidential Operations Manuals, written directives and any other manuals and written materials as Franchisor shall have developed for use in the System, as revised by Franchisor from time to time.

Q. "National Advertising Assessment" means the amount Franchisee must contribute to the Advertising Fund for advertising pursuant to Section VIII.B. of this Agreement.

R. "Opening Date" means the date the Spa opens for business to the public.

S. "Protected Area" means the geographic area assigned to Franchisee upon the acquisition of the site where the Spa will be located, which will be described in an amended Attachment C at such time, ~~exclusive of any Reserved Area,~~ within which Franchisee will be afforded the protections described in Section I.B. of this Agreement.

T. "Publicly-held Corporation" is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

~~U. "Reserved Area" is any mall (defined as an enclosed retail space consisting of 250,000 or more square feet); airport; train station; hospital; school; hotel, resort, or other lodging facility; office building; or military base.~~

~~V~~

U. "Spa" or "Woodhouse Day Spa" means the business operated by Franchisee at the Location pursuant to this Agreement, including all assets of Franchisee used in connection therewith.

~~W. "Spa Coordinator" means no fewer than one (1) individual who coordinates certain aspects of the day-to-day operation of the Spa.~~

~~X~~

V. "Software Programs" means the proprietary or other software programs developed or acquired by or on behalf of Franchisor for use by Woodhouse Day Spas.

~~Y~~W. "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed on or measured by Franchisor's net income.

{Signatures appear on the following page.}

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____

Date: _____

FRANCHISEE:

By: _____

Date: _____

ATTACHMENT A

PRINCIPALS' GUARANTY AND ASSUMPTION AGREEMENT

This Principals' Guaranty and Assumption Agreement ("Guaranty") is given this _____ day of 20__, by the undersigned.

In consideration of, and as an inducement to, the execution of the Franchise Agreement ("Agreement") by The Woodhouse SPAS, LLC ("Franchisor"), each of the undersigned and any other parties who sign counterparts of this Guaranty (individually, a "Guarantor" and collectively, "Guarantors") hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, that Franchisee will punctually pay its obligations for initial franchise fees, royalties, advertising fund contributions and purchases of equipment, materials, supplies and other amounts due under the Agreement.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this guaranty by the undersigned (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(i) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and

(ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and

(iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

(iv) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Agreement; and

(v) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Sections VI., X., XIV., XV., XVIII., XIX.G., H., I., K, L, and N.

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevail in such proceeding, Franchisor will be entitled to reimbursement of Franchisor's costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTORS

_____

[*][Name], an Individual

_____

[Name], an Individual

_____

[Name], an Individual

_____

[Name], an Individual

[*] Denotes individual who is Franchisee's Operating Principal

ATTACHMENT B

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into this ____ day of _____, 20__, between The Woodhouse SPAS, LLC, a Texas limited liability company ("Franchisor"), _____ ("Franchisee") and _____ ("Covenantor") in connection with a franchise agreement between Franchisor and Franchisee dated _____, 20__ ("Franchise Agreement"). Initially capitalized terms used, but not defined in this Agreement, have the meanings contained in the Franchise Agreement.

RECITALS

Franchisor has the right to use and license the use of a System for the establishment and operation of Woodhouse Day Spas.

The System is identified by certain Marks including, the mark "Woodhouse Day Spa," and includes certain Confidential Information which provides economic advantages to Franchisor and licensed users of the System.

Franchisor has granted Franchisee the right to operate a Woodhouse Day Spa pursuant to the Franchise Agreement.

In connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Confidential Information.

Franchisor and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Woodhouse Day Spa under the Franchise Agreement.

2. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation of the Spa.

4. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee.

5. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

6. Covenantor acknowledges that all Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor. Covenantor agrees that no Manuals may be reproduced, in whole or in part, without Franchisor's written consent.

[**Covenants Not to Compete**[1]

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to Covenantor, Covenantor agrees that, during the term of his or her association with or employment by Franchisee, and for a period of one (1) year following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Franchisee's interest in the Franchise Agreement, Covenantor will not, without Franchisor's prior written consent or as permitted under valid Franchise Agreements for Woodhouse Day Spas:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of the Spa to any competitor; and

b. Directly or indirectly, for himself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association, or entity, own, maintain, operate, engage in or have any financial or beneficial interest in, advise, assist or make loans to, any business which is the same as or similar to a Woodhouse Day Spa (including, without limitation, a spa business or a business which offers massages, facials, nail treatments, or other spa treatments) and which is, or is intended to be, located within the Territory or within a five (5)-mile radius of any Woodhouse Day Spa then in existence or under construction.]

[**Principal's Undertaking**

Covenantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in Sections X.B., C., D., and E., XIV., and XIX.G., H. I., K, L, and N of the Franchise Agreement and is obligated to perform thereunder.]

Miscellaneous

1. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The time periods relating to the obligations set forth in this Agreement will be tolled for any period of non-compliance.

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

c. In the event of a breach of this Agreement, Franchisor would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, Franchisor shall be entitled, in addition to any other remedies which it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the

[1] If Covenantor is a Principal not signing the Principals' Guaranty and Assumption Agreement, delete the Covenants Not to Compete section and replace it with the Principal's Undertaking section.

terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees and costs) incurred by Franchisor and Franchisee in enforcing this Agreement.

4. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO TEXAS CONFLICT OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

7. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

The Woodhouse SPAS, LLC
~~One O'Connor Plaza, 1st Floor~~
~~Victoria, Texas 77901~~
300 Union Boulevard, Suite 600
Lakewood, Colorado 80228
Attention: Ben Jones
Telephone: 877-570-7772

~~Facsimile: 361-578-7116~~

If directed to Franchisee, the notice shall be addressed to:

_____

_____

_____

Attention:_____
Telephone: _____
Facsimile: (___)_____

If directed to Covenantor, the notice shall be addressed to:

_____
_____
_____
Attention: _____
Telephone: _____
Facsimile: (___)_____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

8. Franchisor and its successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at their option and in their sole discretion, to enforce this Agreement.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
[Name, Title]

Date: _____

FRANCHISEE:
[Franchisee Entity]
a [State] [type of entity]

By: _____
[Name, Title]

Date: _____

COVENANTOR:

_____
[Name], an Individual

Date: _____

ATTACHMENT C

SELECTED TERMS:
LOCATION, PROTECTED AREA, AND OPENING DATE

1. LOCATION: The Spa shall be located at the following address to be located within the Designated Area defined in the Site Selection and Acquisition Addendum:

   _____

2. PROTECTED AREA: The Protected Area will be defined upon the acquisition of the site for the Spa.

3. OPENING DATE: The Opening Date of the Spa is _____, 20__.

FRANCHISOR:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
[Name, Title]

Date: _____

FRANCHISEE:
[Franchisee Entity]
a [State] [type of entity]

By: _____
[Name, Title]

Date: _____

ATTACHMENT D

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

A. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in Franchisee, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN FRANCHISEE	NATURE OF INTEREST

B. The following is a list of all of Franchisee's Principals, as defined in and designated pursuant to Section XXI.~~L~~J. of the Franchise Agreement, each of whom shall (unless executing the Principals' Guaranty and Assumption Agreement) execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Attachment B to the Franchise Agreement:

_____

_____

_____

_____

ATTACHMENT E

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

THE WOODHOUSE SPAS, LLC/PAYEE

BANK NAME	ACCOUNT #	ABA#	FEIN
_____	_____	_____	_____

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: _____

Name of Depositor: _____

Designated Bank Acct.: _____
(Please attach one voided check for the above account.)

Store Location: _____

Store #:_____

For information call: _____

Address: _____

Phone #: _____

Fax #: _____

_____
Name of Franchisee/Depositor (please print)

By: _____
Signature and Title of Authorized Representative

Date: _____

SITE ADDENDUM
SITE SELECTION AND ACQUISITION ADDENDUM

This Site Selection and Acquisition Addendum ("Site Addendum") is made part of, and incorporated into, the Franchise Agreement by and between The Woodhouse SPAS, LLC ("Franchisor") and _____ ("Franchisee") dated _____, 20__, ("Franchise Agreement"). Initially capitalized terms used but not defined herein have the meanings set forth in the Franchise Agreement.

RECITALS

Franchisor and Franchisee have entered into the Franchise Agreement without having entered into a Development Agreement.

Franchisor and Franchisee desire to modify the Franchise Agreement to provide for certain site selection and acquisition procedures and obligations with respect to the Spa.

NOW, THEREFORE, Franchisor and Franchisee expressly covenant and agree as follows:

I. Site Selection

A. Designated Area. Franchisee assumes all cost, liability, expense, and responsibility for locating, obtaining, and developing a site for the Spa (including any costs and expenses associated with engaging Franchisor's designated real estate broker) within the geographic area described below ("Designated Area"). Franchisee acknowledges and agrees that it acquires no rights in and to the Designated Area, other than the right to select a site for the Spa from within its boundaries.

_____
_____
_____

Following Franchisee's selection and Franchisor's acceptance of a site for the Spa, the Location will be identified in Attachment C to the Franchise Agreement and the Designated Area will be of no further force or effect.

B. Site Selection Assistance. To assist Franchisee in its selection of a site for its Spa, Franchisor will provide to Franchisee:

1. ~~Franchisor's written site selection guidelines and such~~Such site selection assistance as Franchisor deems advisable.

2. Such on-site evaluation as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site approval; provided, however, that Franchisor shall not provide an on-site evaluation for any proposed site prior to the receipt of all required information and materials concerning such site pursuant to Paragraph II.A. below. Franchisor (or its designee) will provide at no additional charge to Franchisee one (1) on-site evaluation for the Spa; provided, that Franchisor shall have the right to require Franchisee to reimburse Franchisor (or its designee) for its reasonable expenses incurred in making such on-site evaluation. Thereafter, if additional on-site evaluations are deemed appropriate by Franchisor, or upon Franchisee's reasonable request, Franchisor reserves the right to charge a reasonable fee for performing each such evaluation and a further amount representing the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

3. On loan, a set of prototypical architectural and design plans and specifications for a Woodhouse Day Spa.

II. Site Review and Acceptance Procedure

A. Submission of Site Information. Before ~~acquiring~~purchasing or entering into an agreement to lease a site for a Spa, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the site, evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection guidelines and such other information and materials as Franchisor may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the site. Recognizing that time is of the essence, Franchisee agrees that it will submit such site information to Franchisor no later than ~~sixty~~ninety (~~60~~90) days after the execution of the Franchise Agreement.

B. Site Approval. Franchisor shall have thirty (30) days after receiving Franchisee's site information to accept or not accept, in its sole discretion, the proposed site as the location for the Spa. No site may be used for a Spa unless it is first accepted in writing by Franchisor, and Franchisee shall not make any binding commitment with respect to a site for a Spa unless the site is first accepted in writing by Franchisor. If Franchisor accepts multiple sites for a Spa, Franchisee shall notify Franchisor in writing within ten (10) days of the date of such acceptance of the site that Franchisee intends to acquire for the Spa. After Franchisor accepts the site, Franchisee must submit a copy of the proposed contract of sale or lease, as applicable. No lease shall be approved by Franchisor unless an addendum to the lease, containing covenants, in substantially the form of those in Exhibit 1 hereto, is attached to the lease and incorporated therein. Franchisor's approval of a lease does not mean that the economic terms of the lease are favorable to Franchisee; it means only that the lease contains the lease terms that Franchisor requires. Franchisee acknowledges that Franchisor's acceptance of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Spa operated at that site will be profitable or otherwise successful.

III. Site Acquisition

A. Site Acquisition. Promptly following Franchisor's acceptance of the site for each Spa, but in no event no later than ~~ninety~~one-hundred and eighty (~~90~~180) days after the execution of the Franchise Agreement, Franchisee shall acquire the site by purchase or lease, at Franchisee's expense. Franchisee shall furnish to Franchisor a copy of the executed lease or contract of sale within ten (10) days after execution.

B. Contractual Designation of Site. After a site for a Spa is accepted by Franchisor and acquired by Franchisee, the address of the site shall be entered on Attachment C to the Franchise Agreement as the Location of the Spa.

IV. Conflict with Franchise Agreement. Whenever there is a conflict or inconsistency between this Site Addendum and any provision of the Franchise Agreement, the provisions of this Site Addendum shall control.

FRANCHISOR:	**FRANCHISEE:**
The Woodhouse SPAS, LLC	[Franchisee Entity]
a Texas limited liability company	a [State] [type of entity]
By: _____	By: _____
[Name, Title]	[Name, Title]
Date: _____	Date: _____

Exhibit 1

LEASE ADDENDUM TERMS

(a) Landlord acknowledges that Tenant is a franchisee of The Woodhouse SPAS, LLC, a Texas limited liability company ("Franchisor"), and that the spa located at the Premises ("Unit") is operated under the Woodhouse Day Spa franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the Woodhouse Day Spa system as Franchisor may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("Franchisor Notice"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1st) date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six (6) month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), Franchisor shall notify Landlord that the franchise for the Unit is being granted to another Woodhouse Day Spa franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any fee or other cost requirement, provided that said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Woodhouse Day Spa system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to the Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be ~~One O'Connor Plaza, 1st Floor, Victoria, Texas 77901~~300 Union Boulevard, Suite 600, Lakewood, Colorado 80228, Attention: Ben Jones, which address may be changed by written notice to Landlord in the manner provided in the Lease.

AMENDMENT TO THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Woodhouse SPAS, LLC Franchise Agreement between _____ ("Franchisee" or "You") and The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of ~~Business Oversight~~Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

   b. The 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.).

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

   d. The ~~franchise agreement~~Agreement requires mediation. The costs of the mediation will be borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, ~~Cod eof~~Code of Civil Procedure 1281, and the Federal Arbitration Act) to any provision of a franchise agreement restricting venue to a forum outside the State of California.

   e. The Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

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

2. The Agreement is hereby supplemented by the following:

   The Department of ~~Business Oversight~~Financial Protection and Innovation requires that Franchisor defer the collection of ~~all~~the Initial Franchise Fee and any other initial fees from California franchisees ~~("Fee Deferral Requirement")~~ until Franchisor has completed all of its pre-opening obligations and Franchisee has opened its Spa for business. ~~Therefore, as long as the Fee Deferral Requirement is in force, Franchisee will not be required to pay Franchisor the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until Franchisee opens its Woodhouse Day Spa and Franchisor has~~

~~completed its pre-opening obligations. Notwithstanding the foregoing, Franchisee must pay Franchisor for the Spa Kit when Franchisee signs the Franchise Agreement. All fees and payments are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if Franchisor has entered into a Development Agreement with Franchisee or its Affiliate in connection with this Agreement, the deferment of all initial fees will include the deferment of payment of the development fee until the first day Franchisee opens the Spa for business and Franchisor has met its pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens.~~

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of California, then immediately upon notice from Franchisor, Franchisee must pay accrued but unpaid portions of all initial fees as required by this Agreement.

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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
[Name, Title]

Date: _____

FRANCHISEE:
[Franchisee Entity]
a [State] [type of entity]

By: _____
[Name, Title]

Date: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

The Woodhouse SPAS, LLC Franchise Agreement between _____ ("Franchisee" or "You") and The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq. (*"**Act"**). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. Paragraphs 705/19 and 705/20 of the Act provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

   b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation, or action that would violate the Act, or a rule or order under the Act, will be void and are hereby deleted with respect to claims under the Act.

   c. In conformance with Section 4. of the Act, any provision in the Agreement that designates jurisdiction and venue in a forum outside of the state of Illinois is void; except that arbitration may take place outside of Illinois.

   d. If this Agreement requires that it be governed by a state's law, other than the ~~state~~State of Illinois, to the extent that such law conflicts with the Act (including judicial decisions interpreting the Act), Illinois law will govern.

2. The Agreement is hereby supplemented by the following:

   Based on Franchisor's current financial condition, the Illinois Attorney General's Office has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~initial franchise fee~~Initial Franchise Fee and any other initial fees Franchisee is required to pay ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Franchisee will not be required to pay Franchisor the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee~~ until Franchisor has completed its pre-opening obligations and Franchisee opens its Woodhouse Day Spa ~~and Franchisor has completed its pre-opening obligations~~. ~~Notwithstanding the foregoing, Franchisee must pay Franchisor for the Spa Kit when Franchisee signs the Franchise Agreement. All fees and payments are non-refundable.~~

   ~~As long as the Fee Deferral Requirement is in force, if Franchisor has entered into a Development Agreement with Franchisee or its Affiliate in connection with this Agreement, the deferment of all initial fees will include the deferment of payment of the development fee until the first day Franchisee opens the Spa for business and Franchisor has met its pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee~~

~~attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens~~for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Illinois, then immediately upon notice from Franchisor, Franchisee must pay accrued but unpaid portions of all initial fees as required by this Agreement.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
[Name, Title]

Date: _____

FRANCHISEE:
[Franchisee Entity]
a [State] [type of entity]

By: _____
[Name, Title]

Date: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Woodhouse SPAS, LLC Franchise Agreement between _____ ("Franchisee" or "You") and The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. § 14-201 *et seq.* (2015 Repl. Vol.) (the "Law"). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Under certain circumstances (e.g., transfer and renewal), the Franchisee is required in this Agreement to execute a release of claims that would negate or remove from judicial review statements, misrepresentations or actions that may violate the Law, or a rule or order under the Law. Such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.

b. The Franchisee is required in this Agreement to acknowledge facts that would negate or remove from judicial review statements, misrepresentations or actions that may violate the Law, or a rule or order under the Law. Such acknowledgment, including the acknowledgment in Section XIX.J., shall be void with respect to claims under the Law.

c. Any requirement that litigation be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Franchisee may have under Section 14-216(c)(25) of the Law to bring suit in the State of Maryland.

d. Any claims that Franchisee may have under the Law must be brought within 3 years after the grant of the franchise.

2. The Agreement is hereby supplemented by the following:

Based on Franchisor's current financial condition, the State of Maryland, Office of the Attorney General has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~initial franchise fee~~Initial Franchise Fee and any other initial payments Franchisee is required to make ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Franchisee will not be required to pay Franchisor the following initial fees or payments: initial franchise fee, Spa Kit, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until~~until Franchisor has completed its pre-opening obligations and Franchisee has opened its Woodhouse Day Spa ~~and Franchisor has completed its pre-opening obligations. All fees and payments are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if Franchisor has entered into a Development Agreement with Franchisee or its Affiliate in connection with this Agreement, the deferment of all initial fees and payments will include the deferment of payment of the development fee until the first day Franchisee opens the Spa for business and Franchisor has met its pre-opening obligations, at which time, in addition to collecting~~

~~all other deferred initial fees and payments, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees and payments on the same basis as each subsequent Spa opens~~for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Maryland, then immediately upon notice from Franchisor, Franchisee must pay accrued but unpaid portions of all initial fees and payments as required by this Agreement.

3. Section XIX.N. is amended by the addition of the following as the last sentence of the paragraph:

However, this paragraph will not act to reduce the 3-year statute of limitations period afforded a franchisee under Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law (the "Law") for claims arising under the Law.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure 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 Woodhouse SPAS, LLC	[Franchisee Entity]
a Texas limited liability company	a [State] [type of entity]
By: _____	By: _____
[Name, Title]	[Name, Title]
Date: _____	Date: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Woodhouse SPAS, LLC Franchise Agreement between _____ ("Franchisee" or "You") The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's proprietary marks infringes trademark rights of the third party. Minn. Stat. Sec. 80C.12, Subd. 1(g).

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, 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, and that consent to transfer of a franchise will not be unreasonably withheld. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. 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 Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement and/or disclosure document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement and/or disclosure document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement/and or disclosure document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement and/or disclosure document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. The Agreement is hereby supplemented by the following:

Based on Franchisor's current financial condition, the Minnesota Department of Commerce has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~initial~~Initial Franchise Fee and any other initial fees Franchisee is required to pay ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Franchisee will not be required to pay Franchisor the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until Franchisee opens its Woodhouse Day Spa and~~until Franchisor has completed its pre-opening obligations~~. Notwithstanding the foregoing, Franchisee must pay Franchisor for the Spa Kit when Franchisee signs the Franchise Agreement. All fees and payments are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if Franchisor has entered into a development agreement with Franchisee or its Affiliate in connection with this Agreement, the deferment of all initial fees will include the deferment of payment of the development fee until the first day Franchisee opens the Spa for business and Franchisor has met its pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens~~ and Franchisee opens its Woodhouse Day Spa for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Minnesota, then immediately upon notice from Franchisor, Franchisee must pay accrued but unpaid portions of all initial fees as required by this Agreement.

7. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the 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 on _____, 20__.

FRANCHISOR:	**FRANCHISEE:**
The Woodhouse SPAS, LLC	[Franchisee Entity]
a Texas limited liability company	a [State] [type of entity]
By: _____	By: _____
[Name, Title]	[Name, Title]
Date: _____	Date: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Woodhouse SPAS, LLC Franchise Agreement between _____ ("Franchisee" or "You") The Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). 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 General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

   b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business 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 acknowledge 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
[Name, Title]

Date: _____

FRANCHISEE:

By: _____
[Name, Title]

Date: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Woodhouse SPAS, LLC Franchise Agreement between _____ ("Franchisee" or "You") and Woodhouse SPAS, LLC ("Franchisor") dated _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("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. 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 the law of a state, 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 liquidated damages or a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that the Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.

i. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

j. Any provision that requires Franchisee to pay all costs and expenses incurred by the Franchisor in enforcing the Franchise Agreement may not be enforceable under North Dakota Law.

2. The Agreement is hereby supplemented by the following:

Based on Franchisor's current financial condition, the North Dakota Securities Department has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~initial~~Initial Franchise Fee and any other initial fees Franchisee is required to pay ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Franchisee will not be required to pay Franchisor the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until Franchisee opens its Woodhouse Day Spa and~~until Franchisor has completed its pre-opening obligations~~. Notwithstanding the foregoing, Franchisee must pay Franchisor for the Spa Kit when Franchisee signs the Franchise Agreement. All fees and payments are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if Franchisor has entered into a Development Agreement with Franchisee or its Affiliate in connection with this Agreement, the deferment of all initial fees will include the deferment of payment of the development fee until the first day Franchisee opens the Spa for business and Franchisor has met its pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees on the same basis as each subsequent Spa opens~~ and Franchisee opens its Woodhouse Day Spa for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of North Dakota, then immediately upon notice from Franchisor, Franchisee must pay accrued but unpaid portions of all initial fees as required by this Agreement.

3. 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
[Name, Title]

FRANCHISEE:
[Franchisee Entity]
a [State] [type of entity]

By: _____
[Name, Title]

Date: _____ Date: _____

AMENDMENT TO THE WOODHOUSE SPAS, LLC
FRANCHISE AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA

The Woodhouse SPAS, LLC Franchise Agreement between _____ ("Franchisee" or "You") The Woodhouse SPAS, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

VIRGINIA LAW MODIFICATIONS

1. The Agreement is hereby supplemented by the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Franchisor to defer payment of the ~~initial franchise fee~~Initial Franchise Fee and other initial payments owed by ~~franchisees~~Franchisees to the ~~franchisor~~Franchisor until the ~~franchisor~~Franchisor has completed its pre-opening obligations under the ~~development agreement and/or franchise agreement ("Fee Deferral Requirement")~~Franchise Agreement and Franchisee has opened its Woodhouse Day Spa for business.

~~Accordingly, as long as the Fee Deferral Requirement is in force, Franchisee will not be required to pay Franchisor the following initial fees or payments: initial franchise fee, Spa Kit, Website development and set up fee, online reservation fee, operations and financial systems set up fee, or construction management fee until Franchisee has opened its Woodhouse Day Spa and Franchisor has completed its pre-opening obligations. All fees and payments are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if Franchisor has entered into a Development Agreement with Franchisee or its Affiliate in connection with this Agreement, the deferment of all initial fees and payments will include the deferment of payment of the development fee until the first day Franchisee opens the Spa for business and Franchisor has met its pre-opening obligations, at which time, in addition to collecting all other deferred initial fees and payments, Franchisor will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and Franchisor will collect all deferred initial fees and payments on the same basis as each subsequent Spa opens.~~

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Virginia, then immediately upon notice from Franchisor, Franchisee must pay accrued but unpaid portions of all initial fees and other payments as contemplated by this Agreement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the State Corporation Commission under the Virginia Retail Franchising Act, 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:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____

FRANCHISEE:
[Franchisee Entity]
a [State] [type of entity]

By: _____

[Name, Title]

Date: _____

[Name, Title]

Date: _____

THE WOODHOUSE SPAS, LLC
WASHINGTON FRANCHISE AGREEMENT ADDENDUM

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

In any arbitration 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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

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 provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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.

The Franchise Agreement is hereby supplemented by the following:

Based on Franchisor's current financial condition, the Washington Department of Financial Institutions has imposed a financial assurance requirement that requires Franchisor to defer the collection of the ~~initial~~Initial Franchise Fee and any other initial fees Franchisee is required to pay ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, Franchisee will not be required to pay Franchisor the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee~~ until Franchisor has completed its pre-opening obligations and Franchisee opens its Woodhouse Day Spa ~~and Franchisor has completed its pre-opening obligations. Notwithstanding the foregoing, Franchisee must pay Franchisor for the Spa Kit when Franchisee signs the Franchise Agreement. All fees and payments are non-refundable.~~for business.

~~As long as the Fee Deferral Requirement is in force, if Franchisor has entered into a Development Agreement with Franchisee or its Affiliate in connection with this Agreement, the deferment of all initial fees will include the deferment of payment of the development fee until the first day Franchisee opens the Spa for business and Franchisor has met its pre-opening obligations. Because Franchisor has material pre-opening obligations with respect to each Spa Franchisee opens under the Development Agreement, when the first Spa and each additional Spa open, in addition to collecting all other deferred initial fees related to the Spa then being opened, Franchisor will also collect the portion of the development fee attributable to such Spa on a pro rata basis, which means that, as required by the State of Washington, only the portion of the development fee attributed to the Spa that is opening will be collected.~~

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Washington, then immediately upon notice from Franchisor, Franchisee must pay accrued but unpaid portions of all initial fees as required by this Agreement.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20___.

FRANCHISOR:
The Woodhouse SPAS, LLC
a Texas limited liability company

By: _____
[Name, Title]

Date: _____

FRANCHISEE:
[Franchisee Entity]
a [State] [type of entity]

By: _____
[Name, Title]

Date: _____

EXHIBIT D

LIST OF FRANCHISED OUTLETS

LIST OF FRANCHISED OUTLETS
AS OF DECEMBER 31, ~~2019~~2020

*****Franchise Agreement signed but Spa not open as of December 31, ~~2019~~2020.

Alabama

125 Summit Blvd.
Birmingham, Alabama
Franchisee: Wood You Relax Bama, LLC
Telephone: 504-669-6637
stuart@bham.woodhousespas.com

California

1636 Cypress Street
Walnut Creek, CA 94596
Franchisee: First Jen, LLC
Telephone: 415-595-9964
jendoerger@gmailk.com

Colorado

~~*~~Boulder, CO
1118 Grant St.
Denver, Colorado 80210
Franchisee: Davenport Spas, Inc.
303-955-0911
ddavenport@amcapfin.onmicrosoft.com

880 Happy Canyon Road, Ste 130
Castle Pines, CO 80108
Franchisee: SSLP Spa, LLC
Telephone: 720-895-8488
sslpspa@yahoo.com

6955 York Street, #400
Centennial, CO 80122
Franchisee: Davenport Spas, LLC
Telephone: 303-868-0163
michelle@southglenn.woodhousespas.com

941 E. 17th Avenue
Denver, Colorado 80218
Franchisee: T Love Enterprises, L. L. C.
Telephone: 303-813-8488
tina@denver.woodhousespas.com

1521 Main Avenue
Durango, CO 81301
Franchisee: ~~Arnold and Leshia Terhune~~BellaVita LLC
Telephone: ~~806~~720-~~435-1978~~296-7468
leshiaterhune@yahoo.com

*Fort Collins, CO
912 Lookout Court
Windsor, Colorado 80550
Franchisee: JDRA, LLC
970 218 8430
dana_weiss@live.com

714 Cheyenne Street
Golden, CO 80401
Franchisee: Tara Barnes and Brandon Barnes
Telephone: 303-883-7409
tara@golden.woodhousespas.com

8351 Southpark Ln
Littleton, CO 80120
Franchisee: TLove Littleton, Inc
Telephone: 303-813-8488
tina@denver.woodhousespas.com

Florida

*Boca Raton, FL
Franchisee: SIS-Boca Raton, L.L.C.
Telephone: 239-269-1892
leann.toth@yahoo.com

7830 Naples Heritage Dr.
Naples, FL 34112
Franchisee: Sisters-In-Spa, Inc.
Telephone: 239-269-1892
leann.toth@yahoo.com

8060 Dellagio Way
Orlando, FL 32819
Franchisee: The Lotus & Banyan Corporation
Telephone: 407-965-3131
allison_clemson_tiger@yahoo.com

75 1st St. South
Saint Petersburg, FL 33701
Franchisee: Gigi's Dream, LLC
Telephone: 727-228-1646
stpete@woodhousespas.com

*504 West Ave
Clermont, FL 34711
Franchisee: Relax Clermont, LLC
Telephone: 352-205-6866

Georgia

4400 Ashford Dunwoody Rd NE
Suite 1805
Atlanta, GA 30346
Franchisee: TPG Franchise I, LLC
Telephone: 518-573-6240
perlmb@hotmail.com

*Atlanta, GA
1427 Downington Overlook NW
Acworth, Georgia 30101
Franchisee: Stacey Howell and Hollis Howell
678 695 3232
hpstacey20@gmail.com

7150 Avalon Boulevard
Alpharetta, GA 30009
Franchisee: Justin Bachtell and Kelly Bachtell
Telephone: 678-427-9679
Justin.bachtell@gmail.com

Illinois

*Naperville, IL
Franchisee: Ken Jackson
Telephone: 630-730-3100
kenginjackson@gmail.com

Indiana

2182-A East 116th Street
Carmel, IN 46032
Franchisee: LangSmith Enterprises, LLC
Telephone: 317-706-1300
terri@carmel.woodhousespas.com

11501 Geist Pavillion Dr., St. 118
Fishers, IN 46037
Franchisee: Terri Smith and Dan Smith
Telephone: 317-594-9300
terri@carmel.woodhousespas.com
6388 W. Jefferson Blvd.
Fort Wayne, IN 46804
Franchisee: Ryan Lindemann and Sarah Lindemann
Telephone: 260-459-6249
fortwayne@woodhousespas.com

*1012 E. University Dr.
Granger, IN, 46530
Franchisee: Lillia's Spa, LLC
Telephone: 574-303-7044
Anastasiatapper25@gmail.com

*Indianapolis, IN
Franchisee: Tye Enterprises, LLC
924 Oak Terrace Road
Westfield, IN 46074
317-566-1649
terri@carmel.woodhousespas.com

4400 Weston Pointe Dr., Ste., 130
Zionsville, IN 46077
Franchisee: Terri Smith and Dan Smith
Telephone: 317-873-0333
terri@carmel.woodhousespas.com

Kansas

*Overland Park, KS
4905 W. 81st Street
Prairie Village, Kansas 66208
Franchisee: Mark Rome and Julie Rome
913 908 5803
mark@therometeam.com

Kentucky

2808 Turkeyfoot Rd.
Crestview Hills, KY 41017
Franchisee: J. Stewart Capital, LLC
Telephone: 513-607-4508
Jeffrey Chapman
Jeff@nky.woodhousespas.com

400 W. Columbia Street
Somerset, KY 42501
Franchisee: Jasper Capital Ventures, L. L. C.
Telephone: 606-676-0400

Tyler and Cindy Jasper
cindy.jasper@jasperent.com
161 Lexington Green Circle
Lexington, KY 40503
Franchisee: J. Stewart Capital of Lexington, LLC
Telephone 859-800-5397

Louisiana

10222 The Grove Blvd 1
Baton Rouge, LA 70810
Franchisee: DEW Spa II, LLC
Telephone: 225-330-4595
erinanddeneb@hotmail.com

4030 Canal St.
New Orleans, LA 70119
Franchisee: DEW SPA III, LLC
Telephone: 504-669-6637
erinanddeneb@hotmail.com

796 E. I-10 Service Road, Suite 230
Slidell, LA 70461
Franchisee: DEW Spa II, LLC
Telephone: 985-641-7772
erinanddeneb@hotmail.com

5004 West Esplanade Ave.
Metairie, Louisiana
Franchisee: DEW SPA IV, LLC
Telephone: 985-290-7873
erin@slidell.woodhousespas.com

Maryland

205 Ellington, Blvd.
Gaithersburg, MD 20878
Franchisee: Weeks Hospitality Group
Telephone: 240-382-3637
beth@leesburg.woodhousespas.com

2 Paseo Dr
North Bethesda, MD 20852
Franchisee: Sabrage Holdings LLC
Telephone: 617-513-1993
peter@northbethesda.woodhousespas.com

Michigan

364 N Adams Rd
Birmingham, MI 48009
Franchisee: AMJT Enterprises, LLC
Telephone: 248-930-5883
abrodbine@aol.com

1447 Woodward Avenue
Detroit, MI 48226
Franchisee: Cheryl Hudson
Telephone: 313-965-6270
chudson753@msn.com

2060 E. Beltline Ave NE
Grand Rapids, Michigan 49525
Franchisee: Woodchuck Enterprises, LLC.
Telephone: 616-308-5189
davidapezzato@me.com

Minnesota

12425 Elm Creek Blvd, North
Maple Grove, MN 55369
Franchisee: Mark Patrick Adams and Amy Jane Adams
Telephone: 763-237-3772
amy@arborlakes.woodhousespas.com

9040 Hudson Rd Suite 206
Woodbury, MN 55125
Franchisee: Mark Patrick Adams and Amy Jane Adams
Telephone: 763-237-3772
amy@arborlakes.woodhousespas.com

~~**Mississippi**~~

~~4280 Harlows Blvd~~
~~Greenville, MS 38701~~
~~Franchisee: Stuart Rome~~
~~Telephone: 662-390-4920~~stuart@nola.woodhousespas.com

New Jersey
56 South Park Street
Montclair, NJ 07042
Franchisee: Shapiro Enterprises, L. L. C.
Telephone: 973-509-8488
alla.spa@hotmail.com

73 Broad St.
Red Bank, NJ 07701
Franchisee: Shapiro Enterprises, l.l.C.
Telephone: 732-345-7300
alla.spa@hotmail.com

420 Springfield Ave.
Summit, NJ 07901
Franchisee: Veeren Reddy and Madhuri Reddy
Telephone: 908-608-1120
Vreddy@vistaar.com

*Hoboken, NJ
602 Bridle Path
Wyckoff, New Jersey 07481
Franchisee: Shapiro Spa Hoboken, LLC
alla@montclair.woodhousespas.com

New York

5933 Main Street
Williamsville, NY 14221
Franchisee: L & M Luxury Spa Services, LLC
Telephone: 716-458-5700
lwishman@buffalo.woodhousespas.com

Ohio

9370 Montgomery Road
Cincinnati, OH 45242
Franchisee: Shomann, Inc.
Telephone: 513-891-4772
chris@woodhousespas.com

4412 Buckeye Lane
Beaver creek, OH 45440
Franchisee: Spamann, LLC
Telephone: 937-427-3529
chris@woodhousespas.com

300 Park Avenue
Suite 164
Orange Village, OH 44122
Franchisee: Elvis Matkovic and Dawn Matkovic
Telephone: 440-220-5553
elvis@cleveland.woodhouse.com

*Columbus, OH
3906 KUL Circle South
Hilliard, OH 43026
Franchisee: Alan Reuter and Mona Reuter
Telephone: 614-790-8822
Alan@columbus.woodhousespas.com

19 North High Street
Dublin, OH 43017
Franchisee: AKRMAR Enterprises, ~~LLC~~Inc.
Telephone: 614-790-8822
Alan@columbus.woodhousespas.com

7272 Liberty Way
Liberty Township, OH 45069
Franchisee: Liberty Spa, LLC
Telephone: 513-755-4530
chris@woodhousespas.com

Pennsylvania

387 Wyoming Avenue
Kingston, PA 18704
Franchisee: Elias Enterprises
Telephone: 570-763-0063
mauritaelias@choiceonemail.com

South Carolina

~~*~~10 Westedge Street
Charleston, SC 29403
Franchisee: Southern Spas Development
Telephone: 937-608-0661
kim@charleston.woodhousespas.com

~~*~~1025 Woodruff Rd Suite J
Greenville, SC 29607
Franchisee: Laxush Hospitality, LLC
Telephone: 803-269-4774
mona@greenville.woodhousespas.com

725 Johnnie Dodds Boulevard
Mt. Pleasant, SC 29464
Franchisee: Southern Spas, LLC
Telephone: 937-608-0661
kim@charleston.woodhousespas.com

Tennessee

2001 Division St.
Nashville, TN 37203

Franchisee: Kim Stevens-Trull and Carl Stevens
Telephone: 615-717-7511
kim@woodhousehg.com

Texas

~~3600 Capital of Texas Highway, Suite 180~~
~~Austin, TX 78746~~
~~Franchisee: Erica Foster Miller~~
~~Telephone: 512-306-1100~~
~~erica@lubbock.woodhousespas.com~~
The Gin- 219 South East St., Ste. A
Belton, TX 76513
Franchisee: Tranquility Solutions, LLC
Telephone: 254-933-2275
lnpotts@gmail.com

1300 East Whitestone Blvd., Ste 100
Cedar Park, TX 78613
Franchisee: Elise O'Connell, Jeffrey O'Connell, Susanna Thornton, Daniel Thornton
Telephone: 361-648-8924
elise@cedarpark.woodhousespas.com

*College Station, TX
P. O. Box 241
Nursery, Texas 77976
Franchisee: RelaxAggieland, Inc.
361 648 8589
kristie@woodhousespas.com

6000 S. Staples, Suite 400
Corpus Christi, TX 78413
Franchisee: Freeman Logic, Inc.
Telephone: 361-985-8488
brad@corpus.woodhousespas.com

~~*~~Dallas, TX
Mockingbird Station
5307 E. Mockingbird Ln.
Dallas, TX 75206
Franchisee: Jeff Evanson
Telephone: 817-673-7274
Jeff_evanson@hotmail.com

8898 Gateway West, Suite 1640
El Paso, TX 79925
Franchisee: Three Servants LLC
Telephone: 512-970-0591
sylvia.r.apodaca@gmail.com

1621 River Run, Suite 161
Fort Worth, TX 76107
Franchisee: The Lee Family Group, LLC
Telephone: 361-648-0041
kim@fortworth.woodhousespas.com

~~*~~Friendswood, TX
700 Baybrook Mall #A125
Baybrook Mall 77546
Franchisee: Evelyn Baldwin and Chad Hanak
Telephone: 346-212-4897
Evelyn.baldwin30@gmail.com

4081 Waller Creek R120
Highland Village, Texas 75077
Franchisee: Sandust Retreat, LLC
Telephone: 214-676-7433
Yvonne@highlandvillage.woodhousespas.com

10420 Louetta Rd, Suite 112
Houston, TX 77070
Franchisee: WTW-SMRT Holdings, LLC
Telephone: 832-698-1895
joe@woodlands.woodhousespas.com

8201 Quaker Avenue
Suite 108
Lubbock, TX 79424
Franchisee: A&E Enterprises, L. L. C.
Telephone: 806-794-1772
Erica@lubbock.woodhousespas.com

4400 Midland Dr., Suite 210
Midland, TX 79707
Franchisee: Mikeska Spa, LLC
Telephone: 325-656-4045
lynna.mikeska@yahoo.com

4855 Riverstone, Suite 110
Missouri City, TX 77459
Franchisee: Sweet Escapes, Inc.
Telephone: 214-473-9955
Sandra@sugarland.woodhousespas.com

*New Braunfels, TX
Franchisee: Troy and Carrie Herring
Telephone: 210-573-1890
troyherring@yahoo.com

7200 Bishop, Suite D-12
Plano, TX 75024
Franchisee: R & D Futures, L. L. C.
Telephone: 214-473-9955
rkbray@gmail.com

9595 Six Pines Dr
The Woodlands, TX 77380
Franchisee: WTW-SMRT Holdings, LLC
Telephone: 512-269-5445
Suzannegrove2013@gmail.com

609 N. Wheeler
Victoria, TX 77901
Franchisee: Butler & May LLC
Telephone: 361-676-4541
jsnbtlr@gmail.com

4703 N. Main
Victoria, TX 77901
Franchisee: Butler & May LLC
Telephone: 361-676-4541
jsnbtlr@gmail.com

Utah

~~*~~Salt Lake City
Franchisee: RKRH, LLC
3418 South 2940 East
Salt Lake City, Utah, 84109
801-673-1637
ryan@holladay.woodhousespas.com

Virginia

~~*~~Gainesville, VA
Franchisee: KDH Enterprises, Inc.
Telephone: 561-305-0262
kdhinc@outlook.com

1603 Village Market Blvd SE #116
Leesburg, VA 20175
Franchisee: Donald and Beth Weeks
Telephone: 240-818-4360
don8371@aol.com

Wisconsin

325 Bayview Road, Suite F
Mukwonago, WI 53149
Franchisee: Too Sister Spas, L. L. C.
Telephone: 262-363-8878
mukwonago@woodhousespas.com

LIST OF DEVELOPERS
AS OF DECEMBER 31, 2020

None.

EXHIBIT E

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

LIST OF FRANCHISEES WHO LEFT THE SYSTEM
AS OF DECEMBER 31, ~~2019~~2020

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

Franchisee/Owner	Telephone Number	City	State
Stuart Rome	662-390-4920	Greenville	MS
Erica Foster Miller	512-306-1100	Austin	TX

TRANSFERS

Franchisee/Owner	Telephone Number	City	State
BellaVita LLC	720-296-7468	Durango	CO

~~I.~~

~~**Tennessee**~~

~~1110 Market St.~~
~~Chattanooga, TN 37402~~
~~Franchisee: Women of Wellness Enterprises, LLC~~
~~Telephone:615-764-0004 calina@chatt.woodhousespas.com~~

~~1175 Meridian Blvd. #100~~
~~Franklin, TN 37067~~
~~Franchisee: Calina Burns~~
~~Telephone:423-443-4478 CalinaBurns29@aol.com~~ mailto:victoria@clarktravel.net

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EXHIBIT G

FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

[Current Form for Transfers and Renewals]

1. **Release of Claims**. Franchisee and its Principals and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively referred to as the "Franchisee Related Parties") irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively "Releasees"), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent ("Claim" or "Claims"), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon or related to the Franchise Agreement, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of this Agreement, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in the Franchise Agreement (including any riders or addenda signed at the same time as this Agreement).

   [For California franchisees: Franchisee and its Principals expressly waive and relinquish all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. Franchisee and Owner do so understanding the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." For the purpose of implementing a general release and discharge as described in Section 1. above, Franchisee and its Principals expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above which Franchisee and its Principals do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.]

2. **Unknown Claims**.

   (a) Franchisee acknowledges for itself and the Franchisee Related Parties that there is a risk that subsequent to the execution of this Agreement, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Franchise Agreement or some part or aspect thereof, which if known by Franchisee on the date this Agreement is being executed may have materially affected its decision to execute this Agreement.

   (b) Franchisee acknowledges and agrees for itself and the Franchisee Related Parties that by reason of the release contained in Section 1 above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Agreement applies thereto.

3. **Covenant Not to Sue.** Franchisee covenants and agrees for itself and for the Franchisee Related Parties not to bring or allow to be brought on behalf of itself or any Franchisee Related Party, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever

accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in Section 1.

4. **No Assignment of Claims.** Franchisee represents and warrants for itself and the Franchisee Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1 of this Agreement and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Franchisee represents and warrants that since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Franchise Agreement, or any rights or interests therein or in the Franchisee.

5. **Full and Independent Knowledge**. Franchisee represents that it has been represented by an attorney in connection with the preparation and review of this Agreement, that it has specifically discussed with its attorney the meaning and effect of this Agreement and that it has carefully read and understands the scope and effect of each provision contained herein. Franchisee further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor or, any of the Releasees or any of their representatives with regard to the subject matter, basis or effect of this Agreement.

6. **Compromise**. Franchisee agrees for itself and the Franchisee Related Parties that the releases contained herein are the result of a compromise and shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releasees regarding any matter.

7. **General Provisions**.

   (a) Entire Agreement. This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any of the terms or conditions set forth herein.

   (b) Authority. By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein.

   (c) Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which shall be fully effective as an original.

   (d) Survival. All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Agreement and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.

   (e) Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

   (f) Complete Defense. Franchisee acknowledges that this Agreement shall be a complete defense to any claim released under the terms of Section 1 of this Agreement and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

(g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:

The Woodhouse SPAS, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

Date: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

Date: _____

[Add signature blocks for any additional parties identified pursuant to Section 1]

[For Development Agreements the word "Franchisee" is replaced with the word "Developer" and "Franchise" is replaced with the word "Development".]

EXHIBIT H

SUMMARY OF ACKNOWLEDGMENTS

THE WOODHOUSE SPAS, LLC
SUMMARY OF ACKNOWLEDGMENTS

Franchisee:

State and type of Organization:

Address of Principal Place of Business:

Residence Addresses of undersigned Principal[s]:

_____ _____
_____ _____
_____ _____

_____ _____
_____ _____
_____ _____

Indicate your acknowledgment of the following by **initialing each statement** and signing below:

INITIAL
HERE

_____ Franchisee acknowledges that it is not a domiciliary or a resident of any state other that the state listed above.

_____ Location of franchised business:

_____

_____ Franchisee acknowledges that it has received The Woodhouse SPAS, LLC Franchise Disclosure Document required by Federal Trade Commission dated _____. 20 __, and registered in the following franchise registration and business opportunity states, if any:

State	**Registration Date**
California	– Effective Date:
Illinois	– Effective Date:
Indiana	– Effective Date:
Maryland	– Effective Date:
Michigan	– Effective Date:
Minnesota	– Effective Date:
New York	– Effective Date:
North Dakota	– Effective Date:
Virginia	– Effective Date:
Washington	– Effective Date:
Wisconsin	– Effective Date:

Date of Franchise Disclosure Document Receipt: _____

Franchisee acknowledges that it received the Franchise Disclosure Document:

_____ (a) if Franchisee is domiciled in, opening a Woodhouse Spa in, or accepting the franchise offer in, **Connecticut or Michigan,** at least ten business days before execution of the Franchise Agreement and related agreements (which execution occurred on the date set forth on the signature page hereto), or at least ten business days before making any payment for the franchise (which payment occurred on _____, 20__), whichever event first occurred.

_____ (b) if Franchisee is domiciled in, opening a Woodhouse Spa in, or accepting the franchise offer in **New York**, the earlier of: (a) your first personal meeting with a representative of The Woodhouse SPAS, LLC (which meeting occurred on _____, 20__) held for the purpose of discussing the sale or possible sale of a Woodhouse Spa franchise, or (b) at least ten business days before the execution of the Franchise Agreement and related agreements (which execution occurred on the date set forth on the signature page hereto) or at least ten business days before making any payment for the franchise (which payment occurred on _____, 20__), whichever event first occurred.

_____ (c) if Franchisee is domiciled in, opening a Woodhouse Spa in, or accepted the franchise offer in, **Iowa or Maine**, the earlier of: (a) your first personal meeting with a representative of The Woodhouse SPAS, LLC (which meeting occurred on _____, 20__) held for the purpose of discussing the sale or possible sale of a Woodhouse Spa franchise, or (b) at least fourteen days before the execution of the Franchise Agreement and related agreements (which execution occurred on the date set forth on the signature page hereto) or at least fourteen days before making any payment for the franchise (which payment occurred on _____, 20__), whichever event first occurred.

_____ (d) if (a), (b), and (c), above, are inapplicable, at least fourteen days before execution of the Franchise Agreement and related agreements (which execution occurred on the date set forth on the signature page hereto) or at least fourteen days before making any payment for the franchise (which payment occurred on _____, 20__), whichever event first occurred.

_____ Franchisee has signed and returned to The Woodhouse SPAS, LLC the "Receipt" for the Franchise Disclosure Document. Franchisee acknowledges that it has also retained a Receipt for its records. In addition, [each of] the undersigned Principal[s] of Franchisee has signed and returned to The Woodhouse SPAS, LLC the "Receipt" for each Franchise Disclosure Document and has retained a copy for his/her records.

_____ Franchisee acknowledges that it has had an opportunity to read the Franchise Disclosure Document and that no representations have been made to Franchisee which are inconsistent with information presented in the Franchise Disclosure Document(s), and Franchisee has not relied upon any representations inconsistent with or not contained in the Franchise Disclosure Document.

_____ Franchisee acknowledges that it has had the opportunity to conduct an independent investigation of the franchised business offered and to seek independent counsel concerning the franchised business.

_____ Franchisee acknowledges that the franchised business, as any business venture, involves risks, and the success of the franchised business will depend largely upon the ability of Franchisee.

~~_____ Franchisee acknowledges that it has not received any warranty or guarantee, express or implied, as to the actual or potential volume, earnings, profits, or success of the franchised business.~~

_____ Franchisee acknowledges that it has received the completed Franchise Agreement and related agreements, with all blanks filled in, at least seven calendar days prior to the date on which the such Agreements were executed (which execution occurred on the date set forth on the signature page hereto).

Any acknowledgments or representations of the franchisee which disclaim the occurrence and/or acknowledge that the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law 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.

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____
Date: _____

[Each of the] [The] undersigned has read this Summary of Acknowledgments and [each individually] [individually] acknowledges and states that each statement described above is true and correct:

PRINCIPAL[S]:

_____

Name: _____

Date: _____

EXHIBIT I

REGIONAL DEVELOPER ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

REGIONAL DEVELOPER ADDENDUM TO THE
WOODHOUSE DAY SPA FRANCHISE DISCLOSURE DOCUMENT

Item 1 of the disclosure document is supplemented by the following:

CSR Development, LLC

CSR Development, LLC has been an area representative (see Item 1) and then a regional developer for us since May 16, 2011, and its regional developer business covers portions of the states of Louisiana, Mississippi, Alabama, and Florida. Stuart Rome owns Wood You Relax, LLC.

Spa Dreammakers, LLC

Spa Dreammakers, LLC, which is owned by Erica Miller, has been a regional developer for us since November 20, 2015, and its regional developer business covers portions of the state of Texas.

JJ Miller Enterprises, LLC

JJ Miller Enterprises, LLC has been a regional developer for us since November 23, 2011, and its regional developer business covers the Dallas and Fort Worth, Texas MSA, northwest Texas, and the state of New Mexico. The entity is owned and operated by Erica Miller.

Wm L Foster Ranches, LLC

Wm L Foster Ranches, LLC has been a regional developer for us since April 17, 2014, and its regional developer business covers portions of the state of Arizona. Erica Miller owns Wm L Foster Ranches, LLC.

Freeman Logic, Inc.

Freeman Logic, Inc. has been an area representative (see Item 1) and then a regional developer for us since January 1, 2010, and its regional developer business covers portions of the state of Texas. Brad Freeman, Wendy Freeman, Clint Freeman, and Tamra Freeman own Freeman Logic, Inc.

Spaventures, Inc

Spaventures, Inc. has been a regional developer for us since March 11, 2010, and its regional developer business covers the state of Ohio, the Louisville, Kentucky MSA, and the Lexington-Fayette, Kentucky MSA. Chris Mann is the owner of Spaventures, Inc.

Bridges To Wellness, Inc.

Bridges To Wellness, Inc. has been a regional developer for us since July 20, 2012, and its regional developer business covers portions of the state of Florida. LeAnn Toth and Diane Smith own Bridges To Wellness, Inc.

TLove Regional Development Group, LLC

TLove Regional Development Group, LLC has been a regional developer for us since February 20, 2014, and its regional developer business covers portions of the states of Colorado, Idaho, Utah, Nevada, and Wyoming. Jeff Sporkin and Tina Lovelace own TLove Regional Development Group, LLC.

Doerger, LLC

~~Doerger, LLC has been a regional developer for us since July 18, 2014, and its regional developer business covers portions of California. Jen Doerger owns Doerger, LLC.~~

~~**Southern Spas Development, LLC**~~

~~Southern Spas Development, LLC has been a regional developer for us since March 1, 2014, and its regional developer business covers portions of the states of South Carolina, North Carolina, Georgia, and Florida. Kim Powell and Brian Powell own Southern Spas Development, LLC.~~

~~**Kim Stevens and Randy Trull**~~

~~Kim Stevens and Randy Trull have been regional developers for us since July 17, 2014, and their regional developer business covers the state of Tennessee, portions of the states of Maryland and Virginia, as well as the District of Columbia.~~

~~**The Lee Family Group, LLC**~~

~~The Lee Family Group, LLC has been a regional developer for us since March 28, 2014, and its regional developer business covers the states of Oklahoma and Kansas. Kim Haschke and Ty Haschke and Thomas Edmondson and Diann Edmondson own The Lee Family Group, LLC.~~

~~**Kim Stevens Trull and Chris Mann**~~

~~Kim Stevens Trull and Chris Mann have been regional developers for us since July 29, 2014, and their regional developer business covers portions of the states of North Carolina and Pennsylvania.~~

~~**Arts and Afternoons, LLC**~~

~~Arts and Afternoons, LLC has been a regional developer for us since April 29, 2015, and its regional developer business covers the state of Minnesota as well as Fargo, North Dakota. Mark Adams and Amy Adams own Arts and Afternoons, LLC.~~

ATTACHMENT A

LIST OF STATE ADMINISTRATORS

ATTACHMENT A

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA

Department of ~~Business Oversight~~Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-1105
866-275-2677

FLORIDA

Department of Agriculture and Consumer Services
Mayo Building, 2nd Floor
Tallahassee, Florida 32399

HAWAII

Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

MARYLAND

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

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn.: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913

MINNESOTA

Franchise Examiner
Minnesota Department of Commerce
85 7th Place East
Suite 280
Saint Paul, Minnesota 55101

NEBRASKA

Nebraska Department of Banking and Finance
Bureau of Securities
Financial Institutions Division
1526 K Street, Suite 300
Lincoln, Nebraska 68508

NEW YORK

Assistant Attorney General
New York Department of Law
Investment Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Franchise Administrator
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

UTAH

Director
Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
P.O. Box 45804
Salt Lake City, Utah 84145

VIRGINIA

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

ATTACHMENT B

AGENTS FOR SERVICE OF PROCESS

ATTACHMENT B

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA

Commissioner of ~~Business Oversight~~Financial Protection and Innovation
Department of ~~Business Oversight~~Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

HAWAII

Commissioner of Securities
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

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

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Commissioner of Commerce
85 7th Place East
Suite 280
Saint Paul, Minnesota 55101

NEW YORK

Secretary of State of
The State of New York
99 Washington Avenue
Albany, New York 12231

NORTH CAROLINA

Secretary of State of North Carolina
2 South Salisbury Street
Raleigh, North Carolina 27603

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Director
Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

WISCONSIN

Commissioner of Securities
Wisconsin Securities Commission
201 West Washington Avenue, Suite 300
Madision, Wisconsin 53703

RHODE ISLAND

Director
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Director
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

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

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

ATTACHMENT C

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM TO WOODHOUSE SPAS CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1. The California Department of ~~Business Oversight~~Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Disclosure Document/and or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 3 of the Disclosure Document is supplemented by the following language:

Neither we nor any person or franchise broker in Item 2 of the 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.

B. Item 17 of the Franchise Disclosure Document is supplemented by the following language:

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

b. 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.).

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

d. The franchise agreement requires mediation. The costs of the mediation will be borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, ~~Cod eof~~Code of Civil Procedure 1281, and the Federal Arbitration Act) to any provision of a franchise agreement restricting venue to a forum outside the State of California.

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

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

C. Item 19 of the Franchise Disclosure Document is supplemented by the following language:

The financial performances representation figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue of gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Woodhouse Day Spa. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

2. Item 5 of the Disclosure Document is hereby supplemented by the following:

The Department of ~~Business Oversight~~Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees ~~("Fee Deferral Requirement")~~ until we have completed all of our pre-opening obligations and franchisee is open for business. ~~Therefore, as long as the Fee Deferral Requirement is in force, you will not be required to pay us the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until your Woodhouse Day Spa opens and we have completed our pre-opening obligations. You must pay us for the Spa Kit when you sign the Franchise Agreement. All of these fees and payments are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if we enter into a Development Agreement with you, the deferment of all initial fees will include the deferment of payment of the development fee until the first day you open your first Spa for business and we have met our pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, we will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and we will collect all deferred initial fees on the same basis as each subsequent Spa opens.~~

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of California, then immediately upon notice from us, you must pay accrued but unpaid portions of the Development Fee, Initial Franchise Fee, and all other initial fees as contemplated by Item 5 of the disclosure document.

3. As long as the Fee Deferral Requirement is in force, Item 7 is amended such that all payments due to ~~Us, except for the Spa Kit payment,~~us are due upon completion of our pre-opening obligations to you and the opening of your Woodhouse Day Spa. ~~The due dates for the Spa Kit and Spa Development Package are not amended.~~

4. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF ~~BUSINESS OVERSIGHT~~FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF ~~BUSINESS OVERSIGHT~~FINANCIAL PROTECTION AND INNOVATION AT www.~~dbo~~dfpi.ca.gov.

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

6. Corporations Code 31512 provides that: "Any conditions, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void." The franchise agreement requires a shortened status of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

7. You must sign a general release 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).

8. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE

COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE WOODHOUSE SPAS, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. If the franchise agreement requires that it be governed by a state's law, other than the state of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act (including judicial decisions interpreting the Act), Illinois law will govern.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure act.

5. Item 5 of the Disclosure Document is hereby supplemented by the following:

Based on our current financial condition, the Illinois Attorney General's Office has imposed a financial assurance requirement that requires us to defer the collection of the ~~initial~~Development Fee, Initial Franchise Fee and any other initial fees you are required to make ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, you will not be required to pay us the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until your Woodhouse Day Spa opens and~~until we have completed all of our pre-opening obligations~~. You must pay us for the Spa Kit when you sign the Franchise Agreement. All of these fees and payments are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if we enter into a Development Agreement with you, the deferment of all initial fees will include the deferment of payment of the development fee until the first day you~~ and franchisee is open ~~your first Spa~~ for business~~ and we have met our pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, we will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and we will collect all deferred initial fees on the same basis as each subsequent Spa opens~~.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Illinois, then immediately upon notice from us, you must pay accrued but unpaid portions of the ~~development fee~~Development Fee, Initial Franchise Fee and all other initial fees as contemplated by Item 5 of the disclosure document.

6. As long as the Fee Deferral Requirement is in force, Item 7 is amended such that all payments due to ~~Us, except for the Spa Kit payment,~~us are due upon completion of our pre-opening obligations to you and the opening of your Woodhouse Day Spa. ~~The due dates for the Spa Kit and Spa Development Package are not amended.~~

7. Each provision of this addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this addendum. This addendum shall have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE WOODHOUSE SPAS, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1. Item 5 of the Disclosure Document is hereby supplemented by the following:

> Based on our current financial condition, the State of Maryland, Office of the Attorney General has imposed a financial assurance requirement that requires us to defer the collection of the ~~initial~~Development Fee, Initial Franchise Fee and any other initial payments you are required to make ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, you will not be required to pay us the following initial fees or payments: initial franchise fee, Spa Kit, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until your Woodhouse Day Spa opens and~~until we have completed our pre-opening obligations~~. All of these fees and payments are non-refundable.~~
>
> ~~As long as the Fee Deferral Requirement is in force, if we enter into a Development Agreement with you, the deferment of all initial fees and payments will include the deferment of payment of the development fee until the first day you open your first Spa for business and we have met our pre-opening obligations, at which time, in addition to collecting all other deferred initial fees and payments, we will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and we will collect all deferred initial fees and payments on the same basis as each subsequent Spa opens.~~ and your Woodhouse Day Spa opens for business.
>
> If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Maryland, then immediately upon notice from us, you must pay accrued but unpaid portions of the Development Fee, Initial Franchise Fee, and all other initial fees and payments as contemplated by Item 5 of the disclosure document.

2. As long as the ~~Fee Deferral Requirement~~fee deferral requirement is in force, Item 7 is amended such that all payments due to ~~Us~~us are due upon completion of our pre-opening obligations to you and the opening of your Woodhouse Day Spa.

3. (a) The Summary column for Item 17.v., "Choice of Forum" (Franchise Agreement and Development Agreement charts) is amended as follows:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law (the "Law"). Except for any rights a franchisee has under the Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held at our corporate headquarters. Except as otherwise required by the Law, venue for all proceedings arising under the Franchise Agreement is the state, county or judicial district where our principal place of business is located, unless otherwise brought by us.

(b) Item 17.c., "Requirements for you to renew or extend" (Franchise Agreement chart) and Item 7.m. "Conditions for our approval of transfer" (Franchise Agreement and Development Agreement charts) are amended by the addition of the following:

> The Code of Maryland Regulations COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the Franchise and/ or Development Agreements relating to renewal, sale, assignment or transfer of the Franchise and/ or Development

Agreements.

(c) Item 17 is amended to add the following note at the end of that Item:

The limitations of claims provision in the Franchise Agreement (Section XIX.N.) and in the Development Agreement (Section ~~XII~~XI.~~M~~L.) will not act to reduce the 3-year statute of limitations period afforded a franchisee under Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law (the "Law") for claims arising under the Law.

(d) The following is added as the last paragraph of Item 17:

A provision in the Franchise Agreement or Development Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE WOODHOUSE SPAS, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. Item 5 is supplemented by the following:

Based on our current financial condition, the Minnesota Department of Commerce has imposed a financial assurance requirement that requires us to defer the collection of the ~~initial~~Development Fee, Initial Franchise Fee, and any other initial fees you are required to make ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, you will not be required to pay us the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until your Woodhouse Day Spa opens and~~until we have completed our pre-opening obligations~~. You must pay us for the Spa Kit when you sign the Franchise Agreement. All of these fees and payments are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if we enter into a Development Agreement with you, the deferment of all initial fees will include the deferment of payment of the development fee until the first day you open your first Spa for business and we have met our pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, we will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and we will collect all deferred initial fees on the same basis as each subsequent Spa opens~~ and your Woodhouse Day Spa opens for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Minnesota, then immediately upon notice from us, you must pay accrued but unpaid portions of the ~~development fee~~Development Fee, Initial Franchise Fee, and all other initial fees as contemplated by Item 5 of the disclosure document.

2. As long as the ~~Fee Deferral Requirement~~fee deferral requirement is in force, Item 7 is amended such that all payments due to ~~Us, except for the Spa Kit payment,~~us are due upon completion of our pre-opening obligations to you and the opening of your Woodhouse Day Spa~~. The due dates for the Spa Kit and Spa Development Package are not amended~~.

ADDENDUM TO THE WOODHOUSE SPAS, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

~~1. Item 3, "Litigation" is hereby amended by deleting the first paragraph in that Item and replacing it by the following language:~~

~~(a) Neither we, any~~

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 ATTACHMENT 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 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, ~~any~~a person identified in Item 2~~ above~~, ~~nor any~~or an affiliate offering franchises under ~~our~~the franchisor's principal trademark:

A. No such party has ~~pending any~~an administrative, criminal or ~~material~~ civil action ~~(or a significant number of civil actions irrespective of materiality)~~pending against that person alleging: a felony, a violation of ~~any~~a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

~~(b) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark~~

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 ~~ten~~ 10 year period immediately preceding the ~~date of this disclosure document~~application for registration, has been convicted of ~~a misdemeanor~~ or pleaded nolo contendere to a misdemeanor charge or ~~been held liable in a civil action by final judgment or~~has been the subject of a ~~material complaint or other legal proceeding if such misdemeanor conviction or charge or~~ civil action~~, complaint or other legal proceeding involved a~~ alleging: violation of ~~any~~a franchise, ~~anti-fraud~~antifraud, or securities law~~,~~; fraud~~,~~; embezzlement~~,~~; fraudulent conversion~~,~~ or misappropriation of property~~,~~; or unfair or deceptive practices~~, misappropriation of property~~ or comparable allegations.

~~(c) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark~~D. No such party is subject to ~~any~~a currently effective injunctive or restrictive order or decree relating to ~~franchises~~the franchise, or under ~~any~~a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law ~~as a result of~~, 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.

~~2. Item 4, "Bankruptcy" is hereby deleted in its entirety and the following language substituted in lieu thereof:~~

3. The following is added to the end of Item 4:

Neither ~~we, nor any~~the franchisor, its affiliate ~~or~~ , its predecessor ~~or current officer~~, officers, or general partner ~~have~~ during the 10 -year period immediately before the date of ~~this disclosure document~~the offering circular: (a) filed as ~~a~~ debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the ~~Bankruptcy Code~~bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after ~~the~~that officer or general partner of ~~The Woodhouse SPAS, LLC~~the franchisor held this position ~~with~~in the company or partnership.

~~3. Item 5, "Initial Franchise Fee" is hereby amended by adding the following sentence after the last sentence under the heading "Initial Franchise Fee"~~

4. The following is added to the end of Item 5:

The initial franchise fee ~~is used to defray administrative and other costs we may incur in establishing the franchise and providing various support services.~~

~~4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is amended as follows:~~

~~(a) By adding the following in the "Summary" column opposite category d., "Termination by you":~~

~~To~~constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by ~~the New York General Business Law, you~~applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

~~(b) By adding the following in~~

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" ~~column opposite category~~ sections of Item 17(v), titled "**Choice of forum**", and Item 17(w~~.~~), titled "**Choice of law**":

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

~~Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met~~.

ADDENDUM TO THE WOODHOUSE SPAS, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

1. Item 5 is supplemented by the following:

Based on our current financial condition, the North Dakota Securities Department has imposed a financial assurance requirement that requires us to defer the collection of the ~~initial franchise fee~~Development Fee, Initial Franchise Fee and any other initial fees you are required to make ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, you will not be required to pay us the following initial fees: initial franchise fee, Website development and set up fee, online reservation fee, operations and financial systems set up fee, or construction management fee~~ until we have completed our pre-opening obligations and your Woodhouse Day Spa opens ~~and we have completed our pre-opening obligations You must pay us for the Spa Kit when you sign the Franchise Agreement. All of these fees are non-refundable.~~

~~As long as the Fee Deferral Requirement is in force, if we enter into a Development Agreement with you, the deferment of all initial fees will include the deferment of payment of the development fee until the first day you open your first Spa for business and we have met our pre-opening obligations, at which time, in addition to collecting all other deferred initial fees, we will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and we will collect all deferred initial fees on the same basis as each subsequent Spa opens~~for business.

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of North Dakota, then immediately upon notice from us, you must pay accrued but unpaid portions of the ~~development fee~~Development Fee, Initial Franchise Fee, and all other initial fees as contemplated by Item 5 of the disclosure document.

2. As long as the ~~Fee Deferral Requirement~~fee deferral requirement is in force, Item 7 is amended such that all payments due to ~~Us, except for the Spa Kit payment,~~us are due upon completion of our pre-opening obligations to you and the opening of your Woodhouse Day Spa. ~~The due dates for the Spa Kit and Spa Development Package are not amended.~~

3. Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE WOODHOUSE SPAS, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1. Item 1, "Industry-Specific Regulation" is hereby supplemented by the addition of the following:

   In accordance with Virginia Code §54.1-704.1 a license is required for a barbershop, cosmetology salon, nail care salon, esthetics spa, etc. For further information the Virginia Department of Professional and Occupational regulation should be contacted.

2. Item 5 is supplemented by the following:

   The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the ~~initial franchise fee~~Development Fee, Initial Franchise Fee, and other initial payments owed by franchisees to the ~~franchisor~~Franchisor until the ~~franchisor~~Franchisor has completed it pre-opening obligations under the ~~development agreement and/or franchise agreement ("Fee Deferral Requirement")~~Development Agreement and/or Franchise Agreement and franchisee's Woodhouse Day Spa is open for business.

   ~~Accordingly, as long as the Fee Deferral Requirement is in force, you will not be required to pay us the following initial fees or payments: initial franchise fee, Spa Kit, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee until your Woodhouse Day Spa opens and we have completed our pre-opening obligations. All of these fees are non-refundable.~~

   ~~As long as the Fee Deferral Requirement is in force, if we enter into a Development Agreement with you, the deferment of all initial fees will include the deferment of payment of the development fee until the first day you open your first Spa for business and we have met our pre-opening obligations, at which time, in addition to collecting all other deferred initial fees and payments, we will also collect the portion of the development fee attributable to such Spa opening on a pro rata basis, and we will collect all deferred initial fees and payments on the same basis as each subsequent Spa opens.~~

   If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Virginia, then immediately upon notice from us, you must pay accrued but unpaid portions of the ~~development fee~~Development Fee, Initial Franchise Fee, and all other initial fees and payments as contemplated by Item 5 of the disclosure document.

3. As long as the ~~Fee Deferral Requirement~~fee deferral requirement is in force, Item 7 is amended such that all payments due to ~~U~~us are due upon completion of our pre-opening obligations to you and the opening of your Woodhouse Day Spa.

4. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, ~~Item 17.h. of~~ the Franchise Disclosure Document for The Woodhouse SPAS, LLC is supplemented by the following:

   Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

   Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Development Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the

franchise, that provision may not be enforceable.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE WOODHOUSE SPAS, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

1. RCW § 19.100.180 and court decisions may supersede the Franchise Agreement or Development Agreement in your relationship with us, including in the areas of termination and renewal of your Franchise Agreement. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in the Franchise Agreement or Development Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

3. A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable in Washington.

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

5. 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.

6. Item 5 of the disclosure document is supplemented by the following language:

   Based on our current financial condition, the Washington Department of Financial Institutions has imposed a financial assurance requirement that requires us to defer the collection of the ~~initial franchise fee~~Development Fee, Initial Franchise Fee and any other initial fees you are required to make ~~("Fee Deferral Requirement"). Therefore, as long as the Fee Deferral Requirement is in force, you will not be required to pay us the following initial fees: initial franchise fee, Website development and set-up fee, online reservation fee, operations and financial systems set-up fee, or construction management fee~~ until we have completed our pre-opening obligations and your Woodhouse Day Spa opens ~~and we have completed our pre-opening obligations. You must pay us for the Spa Kit when you sign the Franchise Agreement. All of these fees are non-refundable.~~for business.

   ~~As long as the Fee Deferral Requirement is in force, if we enter into a Development Agreement with you, the deferment of all initial fees will include the deferment of payment of the development fee until the first day you open your first Spa for business and we have met our pre-opening obligations. Because we have material pre-opening obligations with respect to each Spa to be opened under a Development Agreement, when the first Spa and each additional Spa open, in addition to collecting all other deferred initial fees related to the Spa then being opened, we will also collect the portion of the development fee attributable to such Spa on a pro rata basis, which means that, as required by the State of Washington, only the portion of the Development Fee attributed to the Spa that is opening will be collected.~~

If the ~~Fee Deferral Requirement~~fee deferral requirement is removed by the ~~state~~State of Washington, then immediately upon notice from us, you must pay accrued but unpaid portions of the ~~development fee~~Development Fee, Initial Franchise Fee, and all other initial fees as contemplated by Item 5 of the disclosure document.

7. As long as the ~~Fee Deferral Requirement~~fee deferral requirement is in force, Item 7 is amended such that all payments due to ~~Us, except for the Spa Kit payment~~us, are due upon completion of our pre-opening obligations to you and the opening of your Woodhouse Day Spa. ~~The due dates for the Spa Kit and Spa Development Package are not amended.~~

8. 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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

9. 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.

10. The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

11. Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

New York Insert
(To be inserted immediately before the Acknowledgment of Receipt)

This disclosure document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

~~ATTACHMENT D~~State Effective Dates

~~STATE EFFECTIVE DATES~~

~~STATE EFFECTIVE DATES~~

The following states require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulated the offer and sale of business opportunities or seller-assisted marketing plans.

ITEM 23
RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Woodhouse SPAS, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state law in (a) Connecticut and Michigan require us to provide you the disclosure document at least 10 business 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, (b) New York requires us to provide you the disclosure document the earlier of the first personal meeting or 10 business 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, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 14 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.

If The Woodhouse SPAS, 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 any applicable state agency. (See Attachment A for a list of state administrators.)

The names, principal business addresses, and telephone numbers of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Ben Jones	300 Union Boulevard, Suite 600~~,~~ Lakewood, Colorado 80228	877-570-7772

Issuance Date: ~~August 13~~May 7, ~~2020~~2021

I received a disclosure document dated ~~August 13~~May 7, ~~2020~~2021. The disclosure document included the following Exhibits and Attachments:

Exhibit A	Financial Statements
Exhibit B	Development Agreement, including attachments and state~~-~~ specific addenda
Exhibit C	Franchise Agreement, including attachments and state~~-~~ specific addenda
Exhibit D	List of Franchised Outlets
Exhibit E	List of Franchisees Who Left the System
Exhibit F	Operations Manual Table of Contents
Exhibit G	Form of General Release
Exhibit H	Summary of Acknowledgments
~~Exhibit I~~	~~Regional Developer Addendum to Franchise Disclosure Document~~
Attachment A	List of State Administrators
Attachment B	Agents for Service of Process
Attachment C	State~~-~~ Specific Addenda to Franchise Disclosure Document
~~Attachment D~~	~~State Effective Dates~~

Dated:_____

_____
Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

_____
Printed Name
of_____
(a_____Corporation)
(a_____Partnership)
(a_____Limited Liability Company)

(Keep this page for your records.)

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If The Woodhouse SPAS, 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 any applicable state agency. (See Attachment A for a list of state administrators.)

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~~Attachment D~~	~~State Effective Dates~~

Dated: _____

_____
Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

_____
Printed Name
of _____
(a _____ Corporation)

(a_____Partnership)
(a_____Limited Liability Company)

(Sign and return this page.)